HOPEWELL HIGHWAY INFRASTRUCTURE LIMITED

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

ANNUAL REPORT 2012/13

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

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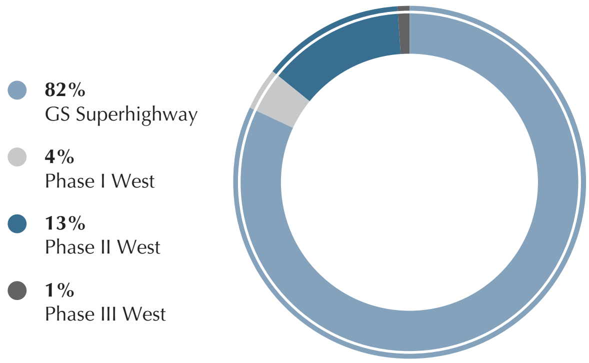
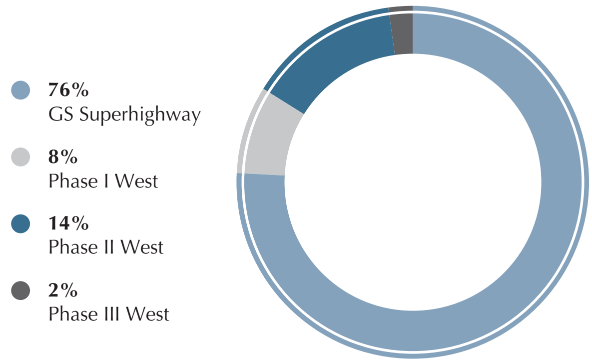
Financial Highlights

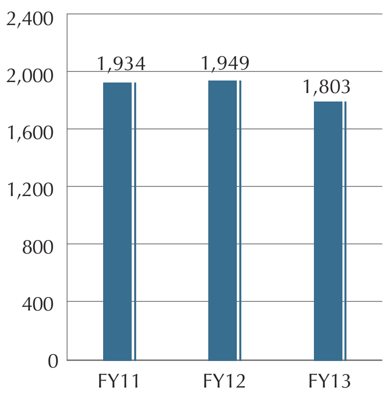
Turnover by Expressway



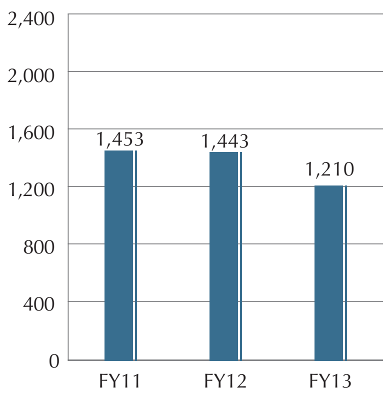
Total Traffic by Expressway



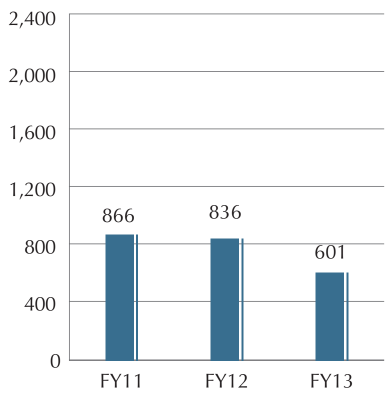
Net Toll Revenue
(RMB million)



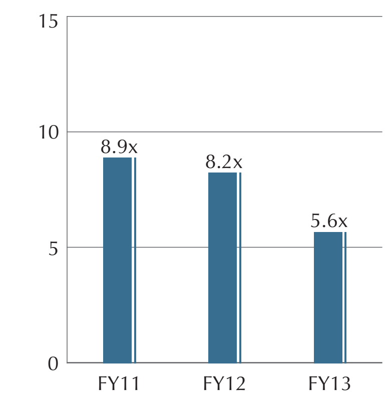
Earnings before Interest and Tax
(RMB million)



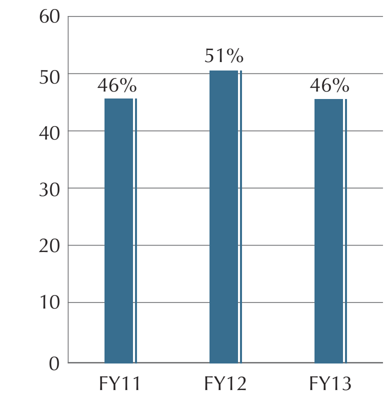
Profit Attributable to Owners of the Company
(RMB million)



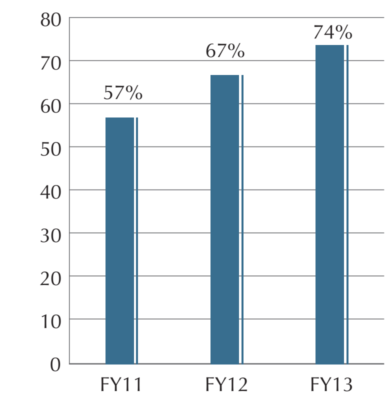
Interest Coverage
(EBITDA/Interest)



Total Debt to Total Assets



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



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

10-Year Financial Summary

The financial summary of the Group presented in RMB since its listing on the Stock Exchange in August 2003.

Consolidated Results (in RMB million)[1]

	Year ended 30 June									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	**2013**
Net toll revenue	1,324	1,613	1,801	2,026	1,601	1,593	1,706	1,934	1,949	**1,803**
Profit before tax	821	1,059	1,329	1,554	2,343	1,114	1,112	1,250	1,220	**910**
Income tax expenses	(24)	(71)	(121)	(161)	(417)	(165)	(256)	(368)	(369)	**(298)**
Profit for the year	797	988	1,208	1,393	1,926	949	856	882	851	**612**
Profit for the year attributable to:										
Owners of the Company	**781**	**969**	**1,187**	**1,367**	**1,909**	**933**	**841**	**866**	**836**	**601**
Non-controlling interests	16	19	21	26	17	16	15	16	15	**11**
Profit for the year	**797**	**988**	**1,208**	**1,393**	**1,926**	**949**	**856**	**882**	**851**	**612**

Segment revenue and results (in RMB million)

	Year ended 30 June									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	**2013**
Net toll revenue	**1,324**	**1,613**	**1,801**	**2,026**	**1,601**	**1,593**	**1,706**	**1,934**	**1,949**	**1,803**
GS Superhighway	1,201	1,413	1,558	1,776	1,485	1,521	1,628	1,718	1,689	**1,470**
Phase I West	5	47	60	67	72	72	77	82	77	**80**
Phase II West	–	–	–	–	–	–	1	134	183	**231**
Phase III West	–	–	–	–	–	–	–	–	–	**22**
ESW Ring Road[2]	118	153	183	183	44	–	–	–	–	**–**
EBIT	**967**	**1,242**	**1,369**	**1,529**	**1,110**	**1,173**	**1,192**	**1,317**	**1,333**	**1,092**
GS Superhighway	880	1,100	1,193	1,373	1,045	1,123	1,140	1,195	1,183	**912**
Phase I West	3	34	43	49	53	50	52	53	51	**51**
Phase II West	–	–	–	–	–	–	–	69	99	**126**
Phase III West	–	–	–	–	–	–	–	–	–	**3**
ESW Ring Road[2]	84	108	133	107	12	–	–	–	–	**–**
Segment results	**784**	**956**	**970**	**1,027**	**660**	**903**	**894**	**822**	**809**	**581**
GS Superhighway	770	910	906	1,055	694	882	865	832	812	**616**
Phase I West	(3)	9	17	25	21	21	31	37	34	**34**
Phase II West	–	–	–	–	–	–	(2)	(47)	(37)	**(20)**
Phase III West	–	–	–	–	–	–	–	–	–	**(49)**
ESW Ring Road[2]	17	37	47	(53)	(55)	–	–	–	–	**–**
Corporate results	16	39	96	144	75	49	(34)	(16)	–	**(5)**
Net exchange gain/(loss)	(3)	(7)	142	222	377	(3)	(4)	76	42	**36**
Gain on disposal of ESW Ring Road[2]	–	–	–	–	814	–	–	–	–	**–**
Profit for the year	797	988	1,208	1,393	1,926	949	856	882	851	**612**
Profit for the year attributable to:										
Owners of the Company	**781**	**969**	**1,187**	**1,367**	**1,909**	**933**	**841**	**866**	**836**	**601**
Non-controlling interests	16	19	21	26	17	16	15	16	15	**11**
Profit for the year	**797**	**988**	**1,208**	**1,393**	**1,926**	**949**	**856**	**882**	**851**	**612**

10-Year Financial Summary

Consolidated Statement of Financial Position (in RMB million)[3]

	As at 30 June									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	**2013**
Property and equipment	28	69	101	152	162	167	268	271	311	**497**
Concession intangible assets	12,036	11,815	11,372	11,469	9,113	9,910	10,963	11,908	12,787	**13,061**
Balance with a jointly controlled entity	1,156	1,166	1,200	786	467	124	155	193	246	**261**
Loans to a jointly controlled entity	–	–	–	–	–	–	–	–	–	**500**
Bank deposits	–	–	–	–	–	–	–	490	–	**–**
Investment	–	–	–	–	–	–	–	–	–	**5**
Current assets	2,772	3,140	3,692	4,436	5,582	2,626	2,645	3,020	4,280	**1,960**
Total assets	**15,992**	**16,190**	**16,365**	**16,843**	**15,324**	**12,827**	**14,031**	**15,882**	**17,624**	**16,284**
Current liabilities	467	486	545	616	603	702	1,696	1,087	2,625	**1,848**
Non-current liabilities	5,833	5,681	5,338	5,700	4,518	4,765	5,053	7,424	7,662	**6,815**
Total liabilities	**6,300**	**6,167**	**5,883**	**6,316**	**5,121**	**5,467**	**6,749**	**8,511**	**10,287**	**8,663**
Non-controlling interests	34	35	37	43	45	42	45	50	55	**50**
Equity attributable to owners of the Company	**9,658**	**9,988**	**10,445**	**10,484**	**10,158**	**7,318**	**7,237**	**7,321**	**7,282**	**7,571**

Consolidated Statement of Cash Flows (in RMB million)

	Year ended 30 June									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	**2013**
Net cash from operating activities	1,328	1,374	1,517	1,758	1,213	1,357	1,261	1,335	1,319	**1,233**
Net cash from (used in) investing activities	(3,026)	1,448	884	(106)	1,325	(1,023)	(1,682)	(1,850)	(867)	**(719)**
Net cash from (used in) financing activities	1,914	(1,066)	(1,004)	(742)	(700)	(3,283)	(78)	936	772	**(2,328)**
Net increase (decrease) in cash and cash equivalents	216	1,756	1,397	910	1,838	(2,949)	(499)	421	1,224	**(1,814)**
Cash and cash equivalents at the beginning of year	195	411	2,168	3,482	4,213	5,462	2,531	2,001	2,411	**3,634**
Effect of foreign exchange rate changes	–	1	(83)	(179)	(576)	18	(31)	(11)	(1)	**–**
Effect of change in profit sharing of a jointly controlled entity	–	–	–	–	(13)	–	–	–	–	**–**
Cash and cash equivalents at the end of year	**411**	**2,168**	**3,482**	**4,213**	**5,462**	**2,531**	**2,001**	**2,411**	**3,634**	**1,820**

Per Share Basis

	Year ended 30 June									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	**2013**
Basic earnings per share (RMB cents)	27.1	33.5	40.0	46.0	64.3	31.5	28.4	29.2	28.2	**19.8**
Dividend per share (RMB cents)										
— Interim	10.7	10.9	12.0	15.1	15.9	15.0	15.0	13.6	14.7	**10.0**
— Final	13.3	13.6	17.5	19.5	11.4	15.9	13.1	14.9	13.0	**9.0**
— Special	–	–	–	–	31.2	73.9	–	–	–	**10.0**
Net asset value per share (RMB)	3.4	3.5	3.5	3.5	3.4	2.5	2.4	2.5	2.5	**2.5**

Financial Ratios

	2004	2005	2006	2007	2008	2009	2010	2011	2012	**2013**
Gearing ratio (Net debt(4) to equity) attributable to owners of the Company	54%	36%	18%	14%	0%	30%	43%	57%	67%	**74%**
Return on equity attributable to owners of the Company	8%	10%	12%	13%	19%	13%	12%	12%	12%	**8%**
Dividend payout ratio	89%	73%	74%	75%	91%	98%(5)	99%	98%	98%	**97%(6)**

Notes:

(1) For the purpose of presenting the consolidated results in RMB, income and expenses are translated at the average exchange rates for the month of the transactions, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used.

(2) The Group's 45% interest in Guangzhou East-South-West Ring Road ("ESW Ring Road") was disposed of in late September 2007.

(3) For the purpose of presenting the consolidated statement of financial position in RMB, the assets and liabilities are translated at the closing rate at the date of the consolidated statement of financial position. The share capital, and the share premium and reserves are translated at the exchange rate at the date when the amount was determined (i.e. the rate at the date of transaction for an item measured in terms of the historical cost). The non-controlling interests are translated at the closing rate at the date of the consolidated statement of financial position.

(4) Net debt is defined as total debt (including bank loans of the Group, bank and other loans of jointly controlled entities, balance with a joint venture partner, balance with a jointly controlled entity 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.

(5) Excluding extraordinary special dividend of RMB73.9 cents per share.

(6) Excluding special final dividend of RMB10.0 cents per share.

Chairman's Statement

I am pleased to report the Group's results for the financial year ended 30 June 2013. The Group's net toll revenue fell by approximately 7% to RMB1,803 million during the year under review, compared to the previous year. This was mainly due to a year-on-year decline of approximately 13% in the toll revenue of the GS Superhighway following the implementation of the Guangdong Province Toll Roads Special Clean-up Implementation Proposal ("Tariff Proposal") in June 2012 and the Holiday Toll-free Policy. However, that decline was partly offset by strong growth in the toll revenue of Phase II West and the new revenue contribution from Phase III West, which opened on 25 January 2013. The Group's net profit from its toll road projects decreased by 28% from RMB809 million to RMB581 million. Meanwhile, the profit attributable to owners of the Company declined by 28%, from RMB836 million to RMB601 million. Basic earnings per share for the year decreased by 30% from the previous year's HK34.55 cents (equivalent to RMB28.23 cents) to RMB19.75 cents.

Final Dividend and Special Final Dividend

The Board has proposed a final dividend of RMB9 cents (equivalent to HK11.3122 cents at the exchange rate of RMB1:HK$1.25691) per share plus a special final dividend of RMB10 cents (equivalent to HK12.5691 cents at the exchange rate of RMB1:HK$1.25691) per share for the year ended 30 June 2013. Together with an interim dividend of RMB10 cents per share that has already been paid, the total dividends for the year will amount to RMB29 cents per share. This represents an increase of 5% on the last financial year's total dividends of HK34 cents (equivalent to approximately RMB28 cents) per share. Excluding the special final dividend of RMB10 cents per share, the Company's total dividends for this year represents a payout ratio of 97% of the Company's profit attributable to owners of the Company and will be 1% lower than that of the previous year.

Subject to shareholders' approval at the 2013 Annual General Meeting to be held on Monday, 21 October 2013, the proposed final dividend and special final dividend will be paid on Monday, 25 November 2013 to shareholders who were registered at the close of business on Friday, 25 October 2013.

If the proposed final dividend and special final dividend are approved by the shareholders at the 2013 Annual General Meeting, it will be payable in cash in RMB or HK Dollars, or a combination of these currencies, at the exchange rate of RMB to HKD as published by The People's Bank of China on Tuesday, 20 August 2013 and shareholders will be given the option of electing to receive the final dividend and special final dividend in either RMB or HK Dollars or a combination of RMB and HK Dollars.

To make the dividend election, shareholders should complete the Dividend Election Form (if applicable) and return it to the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, 13 November 2013. **If no dividend election is made by a shareholder, such shareholder will receive the final dividend and special final dividend in HK Dollars.**

Closure of Register

To ascertain shareholders' entitlement to the proposed final dividend and special final dividend, the Register of Members of the Company will be closed for one day on Friday, 25 October 2013, if and only if the proposed final dividend and special final dividend are approved by the shareholders at the 2013 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 and special final dividend, all transfers of share ownership, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Thursday, 24 October, 2013.

To ascertain shareholders' eligibility to attend and vote at the 2013 Annual General Meeting to be held on Monday, 21 October 2013, the Register of Members of the Company will be closed from Tuesday, 15 October 2013 to Monday, 21 October 2013, 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 2013 Annual General Meeting, all transfers of share ownership, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 11 October 2013.

Financial Status

The Group's proportionate share of the aggregate net toll revenue of its expressway projects for the year ended 30 June 2013 fell by approximately 7% year-on-year, from RMB1,949 million to RMB1,803 million.

Financial Year	2012	**2013**	% Change
GS Superhighway (at JV company level)			
Average Daily Traffic (No. of vehicles '000)	402	**427**	+6%
Average Daily Toll Revenue (RMB '000)	9,910	**8,651**	–13%
Phase I West (at JV company level)			
Average Daily Traffic (No. of vehicles '000)	38	**42**	+13%
Average Daily Toll Revenue (RMB '000)	435	**453**	+4%
Phase II West (at JV company level)			
Average Daily Traffic (No. of vehicles '000)	61	**79**	+30%
Average Daily Toll Revenue (RMB '000)	1,028	**1,303**	+27%
Phase III West (at JV company level)			
Average Daily Traffic (No. of vehicles '000)	–	**14***	N/A
Average Daily Toll Revenue (RMB '000)	–	**291***	N/A

* Phase III West opened on 25 January 2013. Average daily figures are based on the period from 25 January 2013 to 30 June 2013.

In accordance with the Group's financing strategy and against the backdrop of credit-tightening in the PRC, the Group raised a total of RMB1.98 billion by issuing two tranches of RMB corporate bonds in July 2010 and May 2011 respectively. Most of the proceeds from these corporate bonds were used to finance the development of Phase III West and for interim financing of Phase II West. The first tranche of corporate bonds, valued at RMB1.38 billion, matured on 13 July 2012. The second tranche, valued at RMB600 million, will mature on 18 May 2014. In May 2012, the Company obtained a term loan facility in an aggregate amount of RMB1,000 million and a revolving credit facility in an aggregate amount of RMB600 million for a tenure of three years for the repayment of the first tranche of RMB1.38 billion corporate bonds and for the Group's general working capital. In October 2012, the Company placed 120 million RMB-traded shares on the Stock Exchange, the net proceeds from which were approximately RMB375 million. These are being used for the Group's general working capital. In June 2013, the Group obtained a further revolving loan facility for HK$200 million and a term loan facility for HK$100 million to finance its general working capital requirements.

As at 30 June 2013, the Group's bank balances and cash on hand (excluding JV companies) amounted to RMB1,480 million, nearly all of this was denominated in RMB. The Group's net cash on hand (excluding JV companies) amounted to RMB278 million after netting off the Company's RMB corporate bonds and the Group's bank loans. Most of the Group's cash is placed in deposits denominated in RMB in order to earn higher interest income. The Group will continue to strengthen its treasury management and evaluate the options available for it to improve the yields on its substantial cash deposit portfolio.

Most of the Group's cash inflow for the year was derived from dividends received from the GS Superhighway JV, whereas its major cash outflow was the payment of dividends to the Company's shareholders. The Group will continue to optimise its balance sheet, improve its cash flow and strengthen its financial position.

Business Review

During the year under review, the low interest rate environment continued to support the global economic recovery and stabilise financial markets. However, progress remained slow in restoring the global economy to sustainable growth. Whereas the world's other leading economies shrank or remained stagnant, China continued to be the main contributor to global GDP growth. China's GDP grew by a steady 7.8% in 2012, in line with the government's target growth rate; and its total trade volume continued to rise to a historical high level. China remained the world's largest market for the sale of domestic vehicles for the fourth consecutive year. According to the media, more than one million vehicles were newly registered in Guangdong Province during 2012. The national car sale market showed signs of regaining its growth momentum, increasing by 12% with more than 10 million vehicles sold in the first half of 2013. These factors will enhance the economic momentum of the PRC and Guangdong Province in particular, and they will in turn benefit the Group's expressways.

The Group's proportionate share of the aggregate net toll revenue of its expressway projects fell by approximately 7% year-on-year to RMB1,803 million. This was mainly due to a decline in the toll revenue of the GS Superhighway of approximately 13% year-on-year since the implementation of the Tariff Proposal and Holiday Toll-free Policy. However, that was partly offset by the strong growth of Phase II West's toll revenue and the expanded revenue base, which now includes Phase III West.

The Group's aggregate EBIT of toll expressways (excluding an exchange gain on the GS Superhighway JV's US Dollar and HK Dollar loans and related income tax expenses) declined by 18% year-on-year, from RMB1,333 million to RMB1,092 million.

During the year under review, the aggregate average daily traffic volume on the GS Superhighway and the Western Delta Route increased by about 12% to 561,000 vehicles year-on-year, while their aggregate average daily toll revenue decreased by about 6% to RMB10.7 million. The overall toll revenue of the two expressways decreased from RMB4,163 million to RMB3,844 million during the year, mainly due to the fall in the toll revenue of the GS Superhighway. However, the impact of the Tariff Proposal on the GS Superhighway stabilised within two months since its implementation. After an initial drop, the average daily toll revenue picked up from RMB8.3 million in June 2012 to around RMB9 million in June 2013, despite the subsequent implementation of Holiday Toll-free Policy. In June 2013, a year after the Tariff Proposal and Holiday Toll-free Policy's implementation, both the average daily toll revenue and average daily traffic volume of the GS Superhighway started to grow again by 8% year-on-year. On the other hand, not only Holiday Toll-free Policy had slight impact on Phase I West and Phase II West, the Tariff Proposal's impact was insignificant as both of them have been implementing the new tariff since they opened.

Phase I West recorded stable growth and Phase II West maintained strong growth during the year under review. Traffic on Phase I West has rebounded since the lifting of restriction measures at Yajisha Bridge in December 2011. The average daily toll revenue of Phase II West has exceeded RMB1.4 million since January 2013 (except during the months when the Holiday Toll-free Policy was in force). In July 2013, Phase II West achieved its profit breakeven target of an average daily toll revenue of RMB1.5 million for the first time.

Phase III West commenced operation on 25 January 2013, thus extending the Group's toll revenue base. Completion of all three phases of the Western Delta Route has added fresh momentum to the growth of its toll revenue and traffic and created synergy among Phase I West, Phase II West and Phase III West. The traffic and toll revenue of Phase III West reached 18,000 vehicles and RMB376,000 in July 2013. The Group expects that Phase III West may achieve cash flow breakeven (when its average daily toll revenue reaches RMB850,000) within the next two years.

Prospects

Despite the slow pace of the global economy's recovery, the GDP of China and Guangdong grew by 7.6% and 8.5% respectively in the first half of 2013. The PRC Central Government currently targets a GDP growth of over 7% for 2013 to maintain labour market stability. The national car sales volume maintained its growth momentum during the first half of 2013. According to the latest statistics, car sales increased by 12%, with over 10 million vehicles sold in the first half of 2013. Class 1 small car traffic in Guangdong continued to increase, due to the continuous increase of passenger car sales. The toll revenue of the GS Superhighway has been rebounding since the implementation of the Tariff Proposal and Holiday Toll-free Policy, and there is still room for further growth in its traffic.

According to the latest media reports, the entire Coastal Expressway will be completed by the end of September 2013. The Group will continue to monitor the Expressway's progress. At the same time, the Group believes the GS Superhighway will remain competitive.

The opening of Phase III West marks the completion of the entire Western Delta Route, which has become the main artery of a regional expressway network that covers the most prosperous cities on the PRD's western bank, including Guangzhou, Foshan, Zhongshan and Zhuhai. It will also offer direct access to the Hengqin State-level Strategic New Zone, Macau and Hong Kong via its connection with the HZM Bridge, which is expected to be completed by the end of 2016.

Hengqin in Zhuhai has become China's third State-level Strategic New Zone and is being positioned as a new growth hub focusing on the development of business services, tourism, technological research and the cultural sector. Preferential treatment has been put in place in its Free Trade Zone to attract investment, and numerous key development projects, including commercial landmarks, hotels and tourist attractions, will be completed in the coming few years. The Western Delta Route will thus benefit from the increase in passenger flows and demand for transportation brought about by the development of Zhuhai as well as the closer economic integration among cities in the PRD region.

The Company was the first listed company in the world to offer both RMB-traded shares and HKD-traded shares under the "Dual Tranche, Dual Counter" model. This has increased the average daily trading volume of the Company's shares and broadened its shareholder base. In addition, it helps to increase the Group's funding sources and its ability to raise long-term capital in RMB, thus benefitting the development of the Group's PRC projects. The Group will continue to explore various financing and investment options as they become available as a result of RMB's internationalisation.

Changes of Directors and Committee Members

Mr. Philip Tsung Cheng FEI ceased to be an Independent Non-Executive Director, the chairman and a member of the Audit Committee of the Company upon his retirement from the Board at the conclusion of the 2012 Annual General Meeting. Mr. Kojiro NAKAHARA resigned as an Independent Non-Executive Director and a member of the Audit Committee of the Company with effect from 30 June 2013. I would like to take this opportunity to thank Mr. Philip Tsung Cheng FEI and Mr. Kojiro NAKAHARA for their valuable contribution to the Company during their tenures of office.

Mr. Yuk Keung IP has been appointed as the chairman of the Audit Committee of the Company in place of Mr. Philip Tsung Cheng FEI with effect from 18 October 2012.

Professor Chung Kwong POON has been appointed as a member of the Audit Committee of the Company in place of Mr. Kojiro NAKAHARA with effect from 30 June 2013.

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, with contributed greatly towards the Group's success during the past year.

Sir Gordon Ying Sheung WU GBS, KCMG, FICE
Chairman

Hong Kong, 20 August 2013

Profile of Directors

Executive Directors

Sir Gordon Ying Sheung WU GBS, KCMG, FICE

Aged 77, he is the Chairman of the Board of the Company since 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.

In 1958, he graduated from Princeton University with a Bachelor of Science degree in engineering. His responsibilities have included the Company's infrastructure projects in the PRC and he has been involved in designing and constructing 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, as well as set a world record for completion within 22 months. He is the father of Mr. Thomas Jefferson WU, the Managing Director of the Company.

He is very active in civic activities and community service. His civic and community positions include:

In the PRC

Council Member	United Nations Association of China
Advisor	China Development Bank

In Hong Kong

Vice President	The Real Estate Developers Association of Hong Kong

He was a Member of the National Committee of the Chinese People's Political Consultative Conference ("CPPCC") from 1983 to 2013 and a Vice Chairman of the Committee for Liaison with Hong Kong, Macao, Taiwan and Overseas Chinese (Special committee of CPPCC) from 2003 to 2013.

Sir Gordon WU is a Fellow of several professional bodies, including:

- Institution of Civil Engineers, United Kingdom (Honorary Fellow)
- The Hong Kong Institution of Engineers (Fellow)
- Hong Kong Academy of Engineering Sciences (Fellow)

He also received Honorary Doctorate Degrees from the following universities:

- The Hong Kong Polytechnic University, Hong Kong (Honorary Doctor of Engineering)
- University of Strathclyde, United Kingdom (Honorary Doctor of Business Administration)
- The University of Edinburgh, United Kingdom (Honorary Doctorem honoris causa)
- Lingnan University, Hong Kong (Honorary Doctor of Laws)
- City University of Hong Kong, Hong Kong (Honorary Doctor of Social Science)
- Macau University of Science & Technology (Honorary Doctor of Business Administration)
- University of Manitoba, Canada (Honorary Degree of Doctor of Laws)

His additional awards and honours include:

Awards and Honours	Year Awarded
The Lifetime Achievement Award of the 9th Asia Business Leaders Award by CNBC	2010
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	2007
Gold Bauhinia Star (G.B.S.) by the Government of the Hong Kong SAR	2004
Leader of the Year 2003 (Business/Finance) by Sing Tao Newspaper Group	2004
Personality of the Year 2003 by the Asian Freight & Supply Chain Awards	2003
Honorary Consul of The Republic of Croatia in Hong Kong	2002
Knight Commander of the Order of St. Michael and St. George (KCMG) by the Queen of England	1997
Industry All-Star Award by Independent Energy, USA	1996
International CEO of the Year by George Washington University, USA	1996
Among "the Best Entrepreneurs" by Business Week	1994
Man of the Year by the International Road Federation, USA	1994
Business Man of the Year by the South China Morning Post and DHL	1991
Asia Corporate Leader by Asia Finance Magazine, Hong Kong	1991
Chevalier de L'Ordre de la Couronne by the King of Belgium	1985

Mr. Eddie Ping Chang HO

Aged 80, 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 40, he is the Managing Director of the Company since 2003 and is a director of various subsidiaries of the Company. Mr. WU is responsible for strategic planning, corporate policy and overall management of the Company and has upgraded its financial and management accounting systems. 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 graduated with high honours from Princeton University in 1994 with a Bachelor of Science degree in Mechanical and Aerospace Engineering. He then worked in Japan as an engineer for Mitsubishi Electric Corporation for three years before returning to full-time studies at Stanford University, where he obtained a Master of Business Administration degree in 1999.

Mr. WU is active in public service in both Hong Kong and Mainland China. He serves in a number of advisory roles at different levels of government. In Mainland China, 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, as well as a member of the Executive Committee of the All-China Federation of Industry and Commerce, among other public service capacities.

In Hong Kong, Mr. WU's major public service appointments include being a member of the Hong Kong Government's Standing Committee on Disciplined Services Salaries and Conditions of Service and a member of its Steering Committee on the Promotion of Electric Vehicles, as well as a member of the Board of Directors of the Community Chest of Hong Kong, the Hong Kong Sports Institute and the Asian Youth Orchestra Limited. He is also a member of the Council of the Hong Kong Baptist University and a member of the Business School Advisory Council of the Hong Kong University of Science and Technology. In addition, he is an Independent Non-Executive Director of Melco Crown Entertainment Limited, a listed company in Hong Kong and USA (NASDAQ). Previously, he was a council member of The Hong Kong Polytechnic University and a member of the Court of The Hong Kong University of Science of Technology.

In addition to his professional and public service engagements, Mr. WU is mostly known for his passion for ice hockey, as well as the sport's development in Hong Kong and the region. He is the Vice President (Asia/Oceania) of International Ice Hockey Federation, the Co-founder and Chairman of the Hong Kong Amateur Hockey Club and the Hong Kong Academy of Ice Hockey. He is also the Honorary President of the Hong Kong Ice Hockey Association Limited — the national sports association of ice hockey in Hong Kong, the Vice-President of the Chinese Ice Hockey Association, Honorary President of the Macau Ice Sports Federation and Honorary Chairman of the Ice Hockey Association of Taipei Municipal Athletics Federation.

In 2006, the World Economic Forum selected Mr. WU as a "Young Global Leader". He was also awarded the "Director of the Year Award" by the Hong Kong Institute of Directors in 2010, the "Asian Corporate Director Recognition Award" by Corporate Governance Asia in 2011, 2012 and 2013, and named the "Asia's Best CEO (Investor Relations)" in 2012 and 2013.

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

Mr. Alan Chi Hung CHAN

Aged 54, 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 is a member of the 7th Tian He District Committee of The Chinese People's Political Consultative Conference. 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 72, 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 43, 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 the Guangzhou — Shenzhen 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

Professor Chung Kwong POON GBS, JP

Aged 73, he was appointed as an Independent Non-Executive Director and the Chairman of the Remuneration Committee of the Company on 1 July 2009. He was further appointed as a member of the Audit Committee of the Company on 30 June 2013. 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)" and also the Honorary Degree of Doctor of Humanities in 2009 from The Hong Kong Polytechnic University.

Professor POON is a non-executive director of Lee & Man Paper Manufacturing Limited and an independent non-executive director of Henderson Land Development Company Limited, K. Wah International Holdings Limited, The Hong Kong and China Gas Company Limited and Chevalier International Holdings Limited, all are listed on the main board of the Stock Exchange.

In addition, Professor POON was appointed as a Member of the Legislative Council (1985-1991) and a Member of the National Committee of the Chinese People's Political Consultative Conference (1998-2013).

Mr. Brian David Man Bun LI JP

Aged 38, 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 and China Overseas Land & Investment Limited, both are listed on the Stock Exchange. 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 Stock Exchange, from March 2010 to June 2011.

Mr. LI holds a number of public and honorary positions, including being a Member of the National Committee of the Chinese People's Political Consultative Conference, a Member of the Advisory Committee of the Securities and Futures Commission of Hong Kong, Chairman of the Traffic Accident Victims Assistance Advisory Committee of the Government of the Hong Kong Special Administrative Region ("HKSAR"), a Member of the HKSAR Small and Medium Enterprises Committee, a Member of the HKSAR Standing Committee on Judicial Salaries and Conditions of Service, a Member of the HKSAR Harbourfront Commission, a Member of the Hong Kong-European Union Business Co-operation Committee, and a Member of the Hong Kong-Taiwan Business Co-operation Committee.

Mr. LI is a Fellow of the Hong Kong Institute of Certified Public Accountants and a Full 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.

Mr. Yuk Keung IP

Aged 61, he was appointed as an Independent Non-Executive Director and a member of the Audit Committee of the Company on 1 July 2011. He was appointed as a member of the Remuneration Committee and the Chairman of the Audit Committee of the Company on 12 May 2012 and 18 October 2012 respectively. 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, risk management, 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 positions at Citigroup such as Corporate Bank Head, Head of Transaction Banking, Corporate Customer and Financial Institutions coverage and Head of Asia Regional Investment Finance of Wealth Management. He was a Managing Director of Investments at Merrill Lynch (Asia Pacific). He is an independent non-executive director of Eagle Asset Management (CP) Limited, as manager of Champion Real Estate Investment Trust, New World China Land Limited and TOM Group Limited, all are listed on the Stock Exchange.

Mr. IP is a Council and Court Member and an Adjunct Professor of Lingnan University, a Member of International Advisory Board of College of Business, an Adjunct Professor and a Career Development Advisor at City University of Hong Kong, a Member and Governor of Technological and Higher Education Institute of Hong Kong, a Member of the International Advisory Committee and an Adjunct Scholar at University of Macau, an Executive Fellow in Asia, an International Delegate, Alumni Board of Governors and a Member of International Advisory Council Asia at Washington University in St. Louis, a Council Member of Cornell University, a Member of School Board Advisory Committee of Victoria Shanghai Academy and an Honorary Fellow of Vocational Training Council. Mr. IP is also a member of The Management Sub-committee of the Boys' and Girls' Clubs Association of Hong Kong.

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.

Management Discussion and Analysis

Business Review

During the year under review, the aggregate average daily traffic volume on the GS Superhighway, Phase I West and Phase II West increased by 10% to 548,000 vehicles, whereas their aggregate average daily toll revenue decreased by 8% to RMB10.4 million. The decline in toll revenue was mainly attributable to a fall in the toll revenue of the GS Superhighway following the implementation of the Tariff Proposal in June 2012, as well as the Holiday Toll-free Policy, but it has been partly offset by the strong growth of Phase II West's toll revenue. With the opening of Phase III West on 25 January 2013, the Group's four projects collected a total of RMB3,844 million in toll revenue during the year under review.

The average daily toll revenue of the GS Superhighway fell by 13% to RMB8.7 million during the year under review, due to the implementation of the Tariff Proposal and Holiday Toll-free Policy. The average daily traffic on the GS Superhighway grew by 6% year-on-year to 427,000 vehicles. The traffic of Classes 3, 4 and 5 vehicles grew even more strongly, by 12% year-on-year, compared to a 4% year-on-year growth in Class 1 small cars, due to greater price sensitivity.

Phase I West recorded stable growth and Phase II West maintained strong growth during the year under review. The average daily traffic volume and average daily toll revenue of Phase I West grew by 13% and 4% respectively, amounting to 42,000 vehicles and RMB453,000. The average daily traffic and average daily toll revenue of Phase II West during the year under review were 79,000 vehicles and RMB1,303,000, representing growth of 30% and 27% respectively. The average daily toll revenue of Phase II West has exceeded RMB1.4 million since January 2013 (except during the months when the Holiday Toll-free Policy was in force). In July 2013, Phase II West achieved its profit breakeven target of an average daily toll revenue of RMB1.5 million for the first time.

The Group's revenue base was further enlarged when Phase III West commenced operation on 25 January 2013. Between its opening and 30 June 2013, Phase III West recorded an average daily traffic of 14,000 vehicles and an average daily toll revenue of RMB291,000. The traffic and toll revenue of Phase III West has grown continuously, reaching 18,000 vehicles and RMB376,000 in July 2013. Its synergy with Phase I West and Phase II West has added fresh momentum to the growth of their toll revenue and traffic as well. Since its completion, the entire Western Delta Route's total toll revenue accounted for 18% of the Group's proportionately shared aggregate toll revenue, compared to 13% in FY12.

Based on the annual toll revenues of the GS Superhighway, Phase I West and Phase II West and their expenses during their first year of operation, the Group expects that Phase III West may achieve operating cash flow breakeven (after taking interest expense payments into account) within the next 2 years, after its average daily toll revenue reaches RMB850,000, which is equal to an annual toll revenue of RMB8.2 million per km.

Toll Road Policies

Guangdong Tariff Proposal

The tariff rate for all expressways in Guangdong has been standardised since the implementation of the Tariff Proposal on 1 June 2012. Despite the drop in the GS Superhighway's toll revenue, the policy's impact on the GS Superhighway stabilised within 2 months since its implementation, and it is in line with the estimate set out in the voluntary joint announcement issued by the Company and HHL on 31 May 2012. The average daily toll revenue of the GS Superhighway has been picking up again since the drop, increasing from RMB8.3 million in June 2012, to around RMB9 million in June 2013. In June 2013, one year after the Tariff Proposal's implementation, the average daily toll revenue and average daily traffic of the GS Superhighway had both regained positive year-on-year growth amounting to 8%. Average daily traffic volume and average daily toll revenue maintained the uptrend, rising 9% and 7% year-on-year to 475,000 vehicles and RMB9.4 million in July 2013 respectively. From 1 to 14 August 2013, average daily traffic volume and average daily toll revenue rose approximately 7% and 6% year-on-year to 469,000 vehicles and RMB9.4 million respectively. On the other hand, the impact of the Tariff Proposal on Phase I West and Phase II West was insignificant, as both have implemented the new tariff since they opened.

Holiday Toll-free Policy

As the Company announced on 14 August 2012, the State Council issued the Notice Regarding the Holiday Toll-free Policy ("Notice") on 2 August 2012. The Notice stipulates that small passenger vehicles with 7 or fewer seats should be entitled to use relevant toll roads free of charge during the four major statutory holidays, namely Lunar New Year, Ching Ming Festival, Labour Day and National Day, as well as the prescribed rest days immediately before and/or after these statutory holidays. During the year under review, the GS Superhighway, Phase I West and Phase II West implemented this policy for a total of 21 days. Small cars with 7 or fewer seats were exempted from toll charges on the Group's expressways during the aforesaid periods. Comparing the statistics for FY13 with the relevant statutory holidays in FY12, the aggregate annual toll revenues of the GS Superhighway, Phase I West and Phase II West were reduced by about 3% as a result of the policy, which was in line with the figures disclosed in the announcement dated 14 August 2012. During the year under review, Phase III West also implemented the Holiday Toll-free Policy except for the National Day holidays as it was opened on 25 January 2013.

Regulation on the Administration of Toll Roads (Amendment Proposal)

On 8 May 2013, the Ministry of Transport proposed amendments to the existing Regulation on the Administration of Toll Roads and invited opinions from the public and other relevant industries. Among other matters, the draft amendments include proposed compensation terms for the operators of toll roads affected by losses of revenue as a result of the Central Government's implementation of the toll-free policy in the form of an extension of their toll collection periods. The Company will closely monitor the latest developments concerning the amendments.

Partial Opening of a Parallel Road

A 41-km stretch of the 59-km Guangzhou-Dongguan section of the Coastal Expressway has been open for more than one-and-a-half years since mid-January 2012. During the year under review, the average daily traffic volume of the GS Superhighway increased by 6%. The impact of the opening of this section of the Coastal Expressway on the GS Superhighway's traffic has been minimal.

According to the latest media reports, both the remaining 18-km of the Coastal Expressway's Guangzhou-Dongguan section and the 30-km Shenzhen section are scheduled for completion by the end of September 2013 and hence the Coastal Expressway will be fully completed. The Group will continue to monitor its progress.

There are two misconceptions concerning the GS Superhighway and the Coastal Expressway. The first is that the travelling distance between Hong Kong and Guangzhou via the GS Superhighway is longer than via the Coastal Expressway. The second is that the GS Superhighway's tariff is higher than that of the Coastal Expressway. If one includes the connecting roads at both ends of the Coastal Expressway (i.e. the Hong Kong-Shenzhen Western Corridor and the connecting roads to Hong Kong's highway networks and to Guangzhou Ring Road), the total travelling distance from Hong Kong to Guangzhou via the GS Superhighway or the Coastal Expressway differs by about 5%. More specifically, when one compares the entire length of the Coastal Expressway (from its starting point to its ending point) with that of the corresponding section of the GS Superhighway (i.e. the section between Huochun and Nantou), the travelling distances via both routes are also nearly the same. Moreover, the tariff rate for all expressways in Guangdong with 6 or more lanes has been the same since the Tariff Proposal's implementation in June 2012. Thus, there is no difference between the tariff rates of the GS Superhighway and the Coastal Expressway.

In fact, the GS Superhighway remains a more competitive option for road users. Its strategic geographical location offers convenient access to populous downtown areas and major expressways, whereas the Coastal Expressway is designed mainly to connect ports along the eastern shore of the PRD and to serve trucks destined for them. Thus, they attract different target customers. Together with Guangdong's continuous economic growth, the Group believes the GS Superhighway will maintain its leading position as the main traffic artery on the eastern bank of the PRD region.

Operating Environment

Economic Development

During the first half of 2013, the national GDP of China and Guangdong recorded steady growth of 7.6% and 8.5% respectively. National car sales showed signs of regaining their growth momentum, with sales increasing by 12% to more than 10 million vehicles in the first half of 2013. The healthy development of Guangdong's economy and the national car sales market will benefit the Group's expressways.

The economies of the three main cities on the western shore of the PRD region, namely Foshan, Zhongshan and Zhuhai continued to grow healthily. Their GDP increased by 9.5%, 9.5% and 9.8% respectively during the first half of 2013, all exceeding the national growth rate of 7.6%. Foshan is the third-largest economy in Guangdong Province, following Guangzhou and Shenzhen, with a GDP amounting to RMB671 billion in 2012. Meanwhile, a number of key logistics hubs, industrial bases, commercial centres and tourist spots will be developed near the Zhongshan section of the Western Delta Route under the Zhongshan's Twelfth Five-year Plan. These will create greater demand for transportation and bring new traffic to the Western Delta Route. In addition, the expressways connecting to the Western Delta Route in Zhuhai pass through the Nanping Science and Technology Industrial Park and Zhuhai Free Trade Zone, whose gross output value of industrial enterprises exceeded RMB80 billion in 2012. This adds another positive factor to the growth of traffic and the toll revenue of the Western Delta Route.

Hengqin Development

Hengqin in Zhuhai has become China's third State-level Strategic New Zone after Shanghai's Pudong District and Tianjin's Binhai area. It is being positioned as a new growth hub focusing on the development of business services, tourism, technological research and the cultural sector. Preferential treatment has been put in place in its Free Trade Zone to attract investment, and numerous key development projects, including commercial landmarks, hotels and tourist attractions, will be completed there in the coming few years. For instance, the first phase of Chimelong Ocean Kingdom, one of Hengqin's signature projects, is scheduled to open by the end of 2013. According to the media, this will be a world-class marine park with resorts and hotels facilities that will aim to attract more than 20 million tourists a year from around the world. Its opening and future expansion will further boost tourism in Hengqin and Zhuhai. The Western Delta Route, being the most direct and the shortest expressway from Guangzhou to Hengqin, will benefit from the increase in passenger flows and the demand for transportation created by the region's development.

The HZM Bridge

According to the media, construction of the HZM Bridge is progressing according to schedule and will be completed by the end of 2016. It will be connected with the expressway network in Zhuhai and the Western Delta Route, providing access to Macau, Hong Kong and the main cities on the western shore of the PRD. Its opening will further foster the region's economic integration and development and spur the growth of traffic on the Western Delta Route.

Guangdong Province Toll Integration

According to the Guangdong Provincial Government's requirements, the province's 4 toll integration sub-districts namely the Eastern, Western, Northern and Central Districts, in which the GS Superhighway and Western Delta Route are located, are planned to be integrated into a unified toll network by the end of 2013. That means all adjacent expressways in Guangdong are physically connected, and every vehicle travelling on expressways in Guangdong will only need to take one entry ticket at an expressway's entrance and pay all the toll charges for its entire trip at any other expressway's exit, without needing to stop when it travels on a series of connecting expressways. The toll revenues collected by all the expressways in Guangdong will be settled via Guangdong Unitoll Collection Incorporated ("Guangdong Unitoll"), which is the clearing house that centralises and manages toll data on a daily basis, by means of the toll integration settlement network. The GS Superhighway JV and the West Route JV will invest about RMB65 million in total to upgrade their toll systems and facilitate the implementation of the Guangdong toll integration. This capital investment will depreciate over 8 years. The integration measures will boost the efficiency of the province's toll expressways by shortening the time spent on collecting tolls and thus help to smooth the flow of traffic.

Toll-by-weight Scheme

As part of the Guangdong Provincial Government's plan to implement full toll integration, the toll-by-weight scheme will be implemented for trucks on all expressways in the Central District by October 2013, following its implementation in the Northern District in 2009 and the Eastern and Western Districts in 2011.

With reference to other toll integration sub-districts of Guangdong, the toll charges for passenger cars will be unaffected, and the tariff rates for Classes 3, 4 and 5 commercial trucks will remain unchanged at RMB1.2, RMB1.8 and RMB2.1 per km respectively under the toll-by-weight scheme. Preferential arrangements will be made for fully unloaded and lightly-loaded trucks, for which the tariff rate will be one class lower. An additional toll based on the ratio of overloaded weights will be charged for overloaded trucks, whereas the standard tariff rate will be applicable to normally-loaded trucks. In the experience of expressways in other toll integration sub-districts in Guangdong, the toll revenues collected from trucks usually increased following the implementation of the toll-by-weight scheme. Given the comparatively small proportion of trucks that use the GS Superhighway and the Western Delta Route, its impact on their toll revenues may be neutral.

To implement the toll-by-weight scheme in accordance with the official schedule, the GS Superhighway JV and West Route JV will install additional weighing equipment at 38 and 12 toll lanes respectively, increasing the total number of lanes with weighing equipment to 68 and 20 respectively. The total investment cost for this will be less than RMB20 million, which will be depreciated over 8 years. The implementation of the toll-by-weight scheme is expected to help reduce the number of overloaded trucks and lower the damages these cause to the Group's expressways.

Mutual Recognition of Annual Tickets

Nine cities in the PRD region – Guangzhou, Shenzhen, Zhuhai, Dongguan, Zhongshan, Foshan, Huizhou, Jiangmen and Zhaoqing – began to recognise each other's annual tickets at the end of December 2012. That means vehicles bearing an annual ticket issued by one of the nine cities no longer need to pay a fee when they cross the boundaries between them. The change is expected to lower overall transportation costs and increase the traffic on roads within the PRD region, thereby boosting inter-city traffic along the GS Superhighway and the Western Delta Route.

Truck restriction in Guangzhou

In December 2012, the Guangzhou Municipal Government announced the implementation of restrictions on trucks that are not registered in Guangzhou and which weigh 15 tons or above. Such vehicles have been prohibited from travelling on the Guangzhou Ring Road between 07:00 and 20:00 for a one-year period starting 10 January 2013. The measure had insignificant impact on the Group's expressways during the past 6 months.

Launch of the First RMB-traded Share Placing Under the "Dual Tranche, Dual Counter" Model

Responding to the market's strong interest in HHI's shares and RMB investment products, HHI placed 120,000,000 RMB-traded new Shares at RMB3.22 (the "Placing") on the Stock Exchange on 29 October 2012, under stock code 80737. Thus it became the first listed company in the world to offer both RMB-traded Shares and HKD-traded Shares under the "Dual Tranche, Dual Counter" model. This increased the average daily trading volume of the Company's shares by 96% during the 9 months following the pioneering Placing (from 25 October 2012 to 24 July 2013) compared to the preceding 9 months (from 26 January 2012 to 22 October 2012) and it broadened the Company's shareholder base. Moreover, the Placing has helped to expand the Company's sources of funds and it has raised long-term capital in RMB, which will benefit the Company's development of PRC projects. The net proceeds of approximately RMB375 million from the Placing are being used for the Group's general working capital.

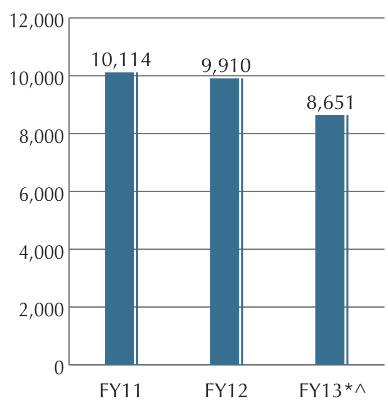
Guangzhou-Shenzhen Superhighway

Project Summary

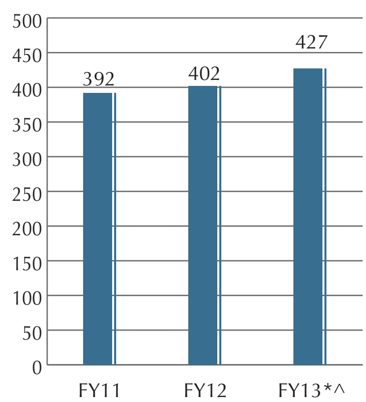
Location	Guangzhou to Shenzhen, Guangdong, PRC
Length	122.8 km
Lanes	A total of 6 lanes in dual directions, except for certain sections being 10 lanes
Class	Expressway
Toll Collection Period	July 1997 – June 2027
Profit Sharing Ratio	Year 1 – 10: 50%; Year 11 – 20: 48%; Year 21 – 30: 45%

The GS Superhighway is the main expressway connecting the PRD region's three major cities – Guangzhou, Dongguan, Shenzhen and Hong Kong. During the year under review, its average daily toll revenue decreased by 13% year-on-year to RMB8.7 million, whereas its total toll revenue amounted to RMB3,157 million. Meanwhile, its average daily traffic volume increased by 6% to 427,000 vehicles. One full year after the implementation of the Tariff Proposal in June 2012 and Holiday Toll-free Policy, both the average daily traffic volume and average daily toll revenue of the GS Superhighway had returned to positive growth of 8% in June 2013.

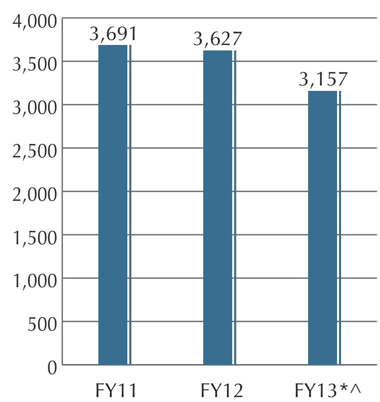
GS Superhighway Average Daily Toll Revenue (RMB thousand)



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



GS Superhighway Annual Toll Revenue (RMB million)



* Tariff cut was implemented since 1 June 2012

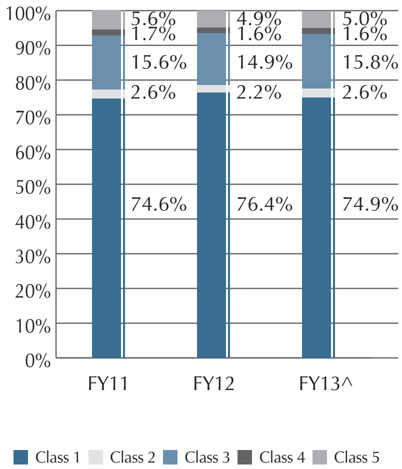
^ Holiday Toll-free Policy was implemented since 2 August 2012 for 21 days during the year under review

The impact of the Tariff Proposal on the toll revenue of the GS Superhighway stabilised within two months since its implementation on 1 June 2012. After an initial drop, the GS Superhighway's average daily toll revenue recovered from RMB8.3 million in June 2012 to around RMB9 million in June 2013, despite the subsequent implementation of Holiday Toll-free Policy. The average toll revenue per vehicle per km fell by 10%, from RMB0.87 to RMB0.79, mainly due to the reduced tariff rate for vehicles in Classes 2 to 5.

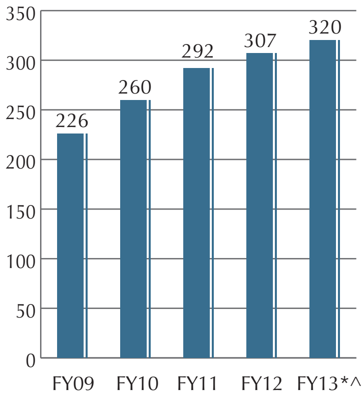
The average daily traffic of all classes of vehicles on the GS Superhighway grew during the year under review. The unremitting growth of passenger car sales in Guangdong led to a continuous increase in Class 1 small car traffic, which reached a historical high level, accounting for 74.9% of the GS Superhighway's total traffic volume and contributing 57% to its total toll revenue. The decrease in its average daily toll revenue by 6% to RMB4.9 million during the year under review was mainly due to the implementation of the Holiday Toll-free Policy, which exempted small cars with 7 or fewer seats from toll charges. Moreover, the average travelling distance of Class 1 small cars also decreased.

The average daily traffic volume of Classes 4 and 5 commercial trucks continued to grow, due to greater price sensitivity in response to the tariff cut implemented on 1 June 2012. However, the tariff cut also led to a fall in the average daily toll revenue by 12% to RMB1.4 million.

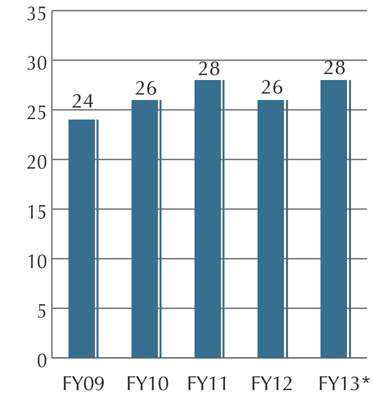
GS Superhighway Traffic Breakdown by Class



GS Superhighway Class 1 – Average Daily Traffic (FY09-FY13)
(No. of vehicles in thousand)



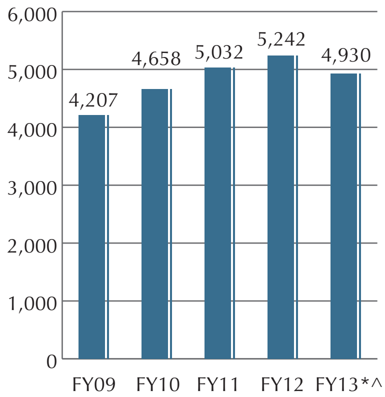
GS Superhighway Class 4 & 5 – Average Daily Traffic (FY09-FY13)
(No. of vehicles in thousand)



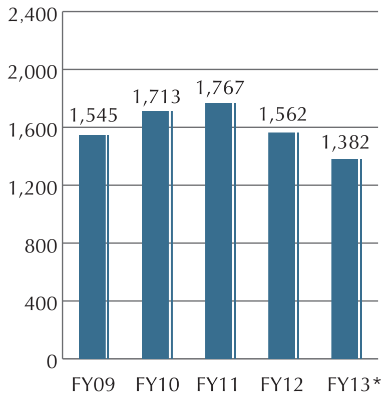
* Tariff cut was implemented since 1 June 2012

^ Holiday Toll-free Policy was implemented since 2 August 2012 for 21 days during the year under review

GS Superhighway Class 1 – Average Daily Toll Revenue (FY09-FY13) (RMB thousand)



GS Superhighway Class 4 & 5 – Average Daily Toll Revenue (FY09-FY13) (RMB thousand)

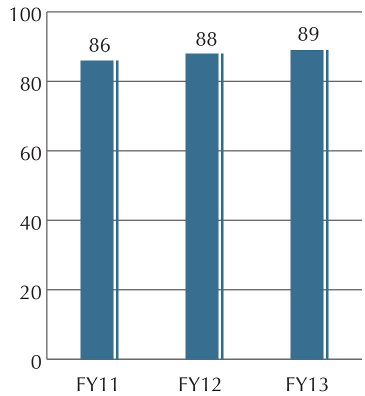


* Tariff cut was implemented since 1 June 2012

^ Holiday Toll-free Policy was implemented since 2 August 2012 for 21 days during the year under review

During the year under review, the average daily full-length equivalent traffic volume for the GS Superhighway increased by 2% year-on-year to 89,000 vehicles, which was similar to the previous year's level. This indicates there is still room for traffic to grow on the GS Superhighway.

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



As mentioned earlier in the section headed "Partial Opening of a Parallel Road", the 41-km Guangzhou-Dongguan section of the Coastal Expressway opened in mid-January 2012. But its impact on the GS Superhighway has been minimal over the past 18 months. The average daily traffic volume on the GS Superhighway increased by 6% year-on-year during the year under review. The GS Superhighway is comparable in length and it charges the same tariff rate as the Coastal Expressway. However, the two have different target customers, and the GS Superhighway offers a number of competitive advantages, such as convenient access to populous downtown areas, well-equipped facilities, and high-quality services. Together with the GS Superhighway's efficient patrol and rescue team and the continuous growth of Guangdong's economy, these factors lead the Group to believe that the GS Superhighway will maintain its leading position as the main traffic artery on the eastern bank of the PRD region. According to the latest media reports, the entire Coastal Expressway will be completed by the end of September 2013.

A new interchange on the Changhu Expressway, which directly connects to the GS Superhighway at Xinluen, was opened in January 2013. The new connection provides an alternative entry/exit point for by-pass traffic between the GS Superhighway's Taiping interchange and Changhu Expressway, and it has helped to ease traffic congestion on the section between the Taiping and Wudianmei interchanges during peak hours.

Shenzhen Baoan International Airport will be expanded by the opening of a new passenger terminal located near the Hezhou interchange in late 2013. The Hezhou interchange has been temporarily closed for reconstruction from January to October 2013, in order to facilitate the construction of a smooth and convenient connection road with the new passenger terminal. During this period, vehicles travelling to and fro the Hezhou interchange needed to enter and exit via adjacent interchanges of the GS Superhighway. The temporary closure of the Hezhou interchange has a minimal impact on the GS Superhighway. As soon as the reconstruction is completed, the Hezhou interchange will become the most convenient hub for traffic between downtown Shenzhen and Shenzhen Baoan International Airport, and the GS Superhighway will benefit from the increased volume of passengers and freight arising.

The outer beam of a river bridge near the Machong interchange underwent repair between April and July 2013, after an over-height vessel accidentally hit it in April 2013. During this period, traffic was slightly affected. The repair was completed on 25 July 2013.

The GS Superhighway JV has been making incessant progress in increasing its operational efficiency and its ability to cope with increasing traffic by installing automated equipment. Around 60% of all the toll lanes at entrances to the GS Superhighway are either installed with ETC or automatic card-issuing machines. This makes it the expressway with the highest number of ETC lanes in Guangdong. Also the automated equipment helps to maintain the number of toll collectors at a reasonable level and regulate the GS Superhighway JV's operating costs.

The GS Superhighway JV has also made great efforts to protect the environment. Energy-saving LED lights have been installed at all of its toll plazas, and the installation of LED lights along its entire main alignment was completed in May 2013. These measures help to reduce its energy consumption.

Phase I of the Western Delta Route

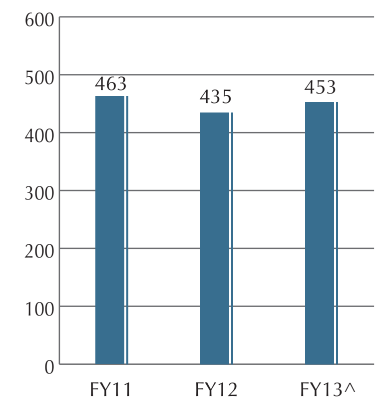
Project Summary

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%

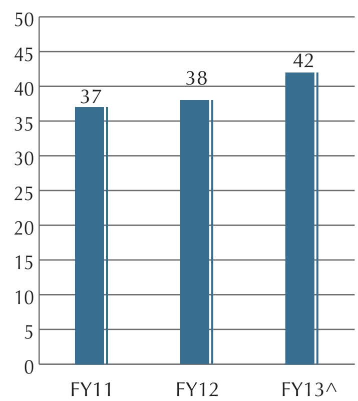
A 14.7-km closed expressway with a total of 6 lanes in dual directions, Phase I West connects with the Guangzhou East-South-West Ring Road to the north, and Phase II West and National Highway 105 at Shunde to the south. Phase I West and Phase II West form the main expressway between Guangzhou and downtown Zhongshan, and they have reduced the traveling time between the two cities from one hour via local roads to approximately 30 minutes. As the northern part of the Western Delta Route, Phase I West's synergy with Phase II West and Phase III West as well as the on-going economic growth of Foshan will continue to drive the growth of its traffic volume and toll revenue.

The traffic volume and toll revenue of Phase I West grew steadily, mainly due to a rise in the number of Class 1 small cars using it. Its average daily traffic volume increased by 13% year-on-year to 42,000 vehicles, whereas its average daily toll revenue increased by 4% to RMB453,000. Its total toll revenue amounted to RMB165 million during the year under review.

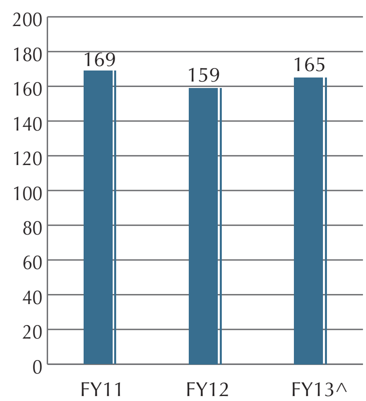
Phase I West Average Daily Toll Revenue (RMB thousand)



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



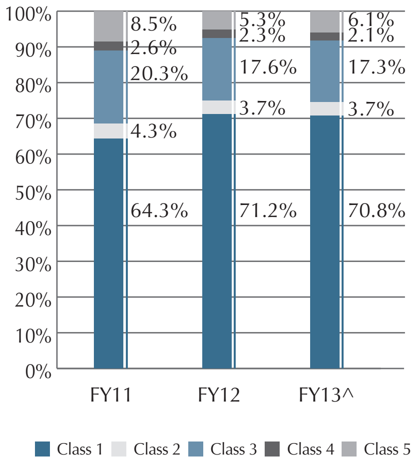
Phase I West Annual Toll Revenue (RMB million)



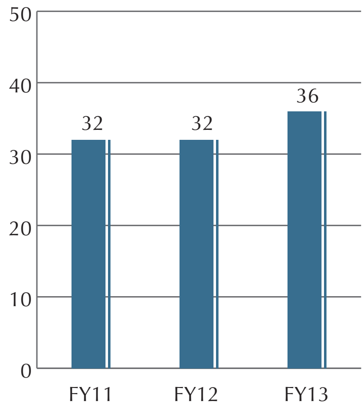
^ Holiday Toll-free Policy was implemented since 2 August 2012 for 21 days during the year under review

The traffic and toll revenue for Class 1 small cars continued to grow. These accounted for 70.8% of Phase I West's total traffic volume. Meanwhile, the traffic and toll revenue for Classes 4 and 5 vehicles also picked up after traffic restriction measures that prohibited trucks over 15 tons from using Yajisha Bridge on the Guangzhou East-South-West Ring Road were lifted at the end of December 2011. However, they did not return to the levels seen before the restriction measures were imposed. That was mainly due to the removal of the toll station on National Highway 105 near Phase I West's Bijiang interchange in January 2012, and the fact that the section of National Highway 105 between Guangzhou and Bijiang has become toll-free since then. Some trucks that previously used Phase I West to travel to and fro Guangzhou may have diverted to National Highway 105. The rebound in the traffic and toll revenue of Classes 4 and 5 vehicles caused the average toll revenue per vehicle per km of Phase I West to increase by 1%, from RMB0.8 to RMB0.81 year-on-year. The average daily full-length equivalent traffic on Phase I West amounted to 36,000 vehicles, which represents a growth of 12%.

Phase I West Traffic Breakdown by Class



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



^ Holiday Toll-free Policy was implemented since 2 August 2012 for 21 days during the year under review

In December 2012, the Guangzhou Municipal Government announced the imposition of restrictions on trucks not registered in Guangzhou and weighing 15 tons or above. These have been prohibited from travelling on the Guangzhou Ring Road between 07:00 and 20:00 for one year commencing 10 January 2013. The impact of this measure on Phase I West has been minimal. The Guangzhou Municipal Government is also currently considering the imposition of other traffic restrictions on vehicles not registered in Guangzhou during busy hours. However, the date and details of their implementation have not yet been announced. The Group will continue to monitor the situation, and it believes the impact on Phase I West will be minimal.

Phase II of the Western Delta Route

Project Summary

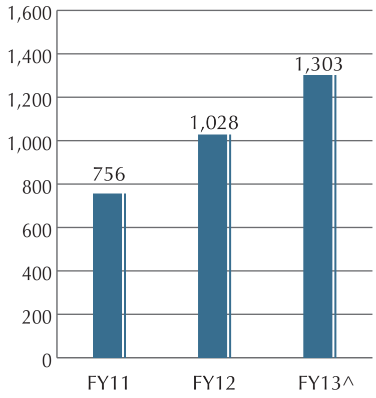
Location	Shunde to Zhongshan, Guangdong, PRC
Length	45.5 km
Lanes	A total of 6 lanes in dual directions
Class	Expressway
Toll Collection Period	June 2010 – June 2035
Profit Sharing Ratio	50%

A 45.5-km closed expressway with a total of 6 lanes in dual directions, Phase II West is connected to Phase I West at Shunde to the north and Phase III West at Zhongshan to the south. It is also interconnected with National Highway 105, Guangzhou Southern Second Ring Road and the Jiangmen-Zhongshan Expressway, and it has a direct connection to downtown Zhongshan at its southern end. Moreover, the opening of Phase III West on 25 January 2013 means the entire Western Delta Route has now been completed. The synergy between Phase II West and Phase III West will further boost the growth of the traffic volume on Phase II West, as well as its toll revenue.

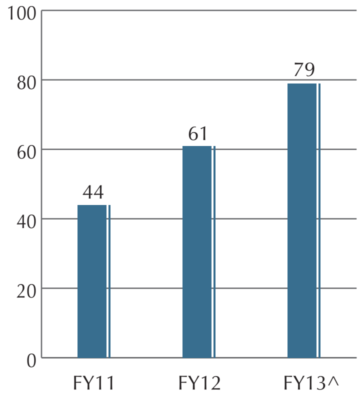
In addition, the Guangdong Provincial Government granted its approval for Phase II West's 25-year toll collection period during the year under review.

The traffic volume and toll revenue of Phase II West have continued to grow strongly ever since it opened in June 2010. During the year under review, its average daily traffic volume rose by 30% to 79,000 vehicles, whereas its average daily toll revenue grew by 27% to RMB1,303,000. Its total toll revenue for the year amounted to RMB476 million. Class 1 small cars were the main contributors, accounting for 72.9% of the total traffic volume. The average toll revenue per vehicle per km remained at the previous year's level of RMB0.79, whereas the average daily full-length equivalent traffic on Phase II West amounted to 35,000 vehicles, representing a year-on-year growth of 27%.

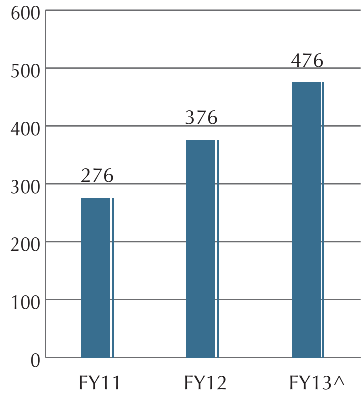
Phase II West Average Daily Toll Revenue (RMB thousand)



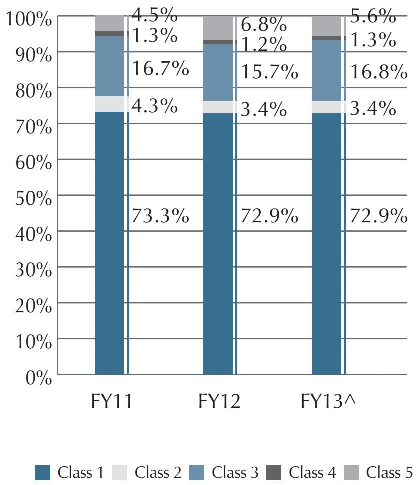
Phase II West Average Daily Traffic (No. of vehicles in thousand)



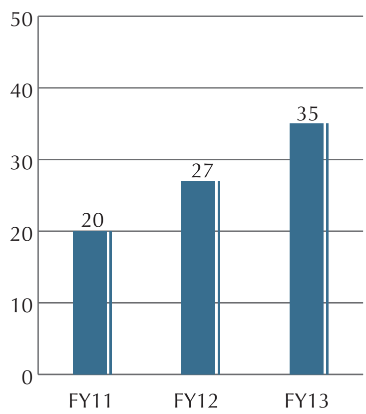
Phase II West Annual Toll Revenue (RMB million)



Phase II West Traffic Breakdown by Class



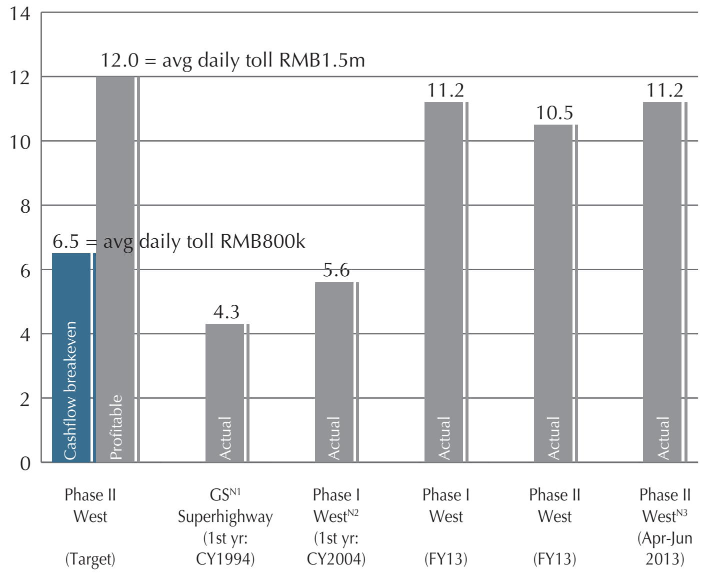
Phase II West Average Daily Full Length Equivalent Traffic
(No. of vehicles in thousand)



^ Holiday Toll-free Policy was implemented since 2 August 2012 for 21 days during the year under review

By the second half of FY11, Phase II West's toll revenue had achieved the Group's target of achieving operating cash flow breakeven (after taking interest expense payments into account) i.e. average daily toll revenue of RMB800,000 during its first year of operation. In fact, Phase II West continued to exceed this target, recording a net cash inflow from operations and after taking interest expense payments into account, plus a 27% increase in EBITDA, during the year under review. Its average daily toll revenue has exceeded RMB1.4 million since January 2013 (except during the months when the Holiday Toll-free Policy was in force). In July 2013, the average daily toll revenue of Phase II West achieved its RMB1.5 million profit breakeven level for the first time.

Annual Toll Revenue per km (RMB'm)



N1: Annualised figure for CY94 (GS Superhighway started operation on 18 Jul 1994)
N2: Annualised figure for CY04 (Phase I West started operation on 30 Apr 2004)
N3: Annualised figure for Apr-Jun 2013

The relevant PRC authorities are currently processing the West Route JV's application to increase the investment in Phase II West to RMB7,200 million. Once approval for this has been obtained, additional registered capital can be injected into the West Route JV by the PRC partner and the Company on a 50:50 basis and additional project bank loans can be borrowed. To settle the outstanding project payments for Phase II West and to use its internal resources efficiently, the Company advanced shareholder's loans for a total of RMB1,000 million to the West Route JV in December 2012 and January 2013, as interim financing for Phase II West. This enabled the West Route JV to repay in December 2012 the intercompany borrowings of RMB731 million that the GS Superhighway JV had previously provided, together with the interest incurred. The remaining outstanding project payments of not more than RMB500 million may be funded by the Company's shareholder's loan.

Phase III of the Western Delta Route

Project Summary

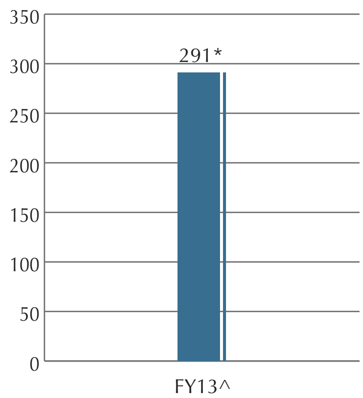
Location	Zhongshan to Zhuhai, Guangdong, PRC
Length	37.7 km
Lanes	A total of 6 lanes in dual directions
Class	Expressway
Toll Collection Period	January 2013 – January 2038
Profit Sharing Ratio	50%

Phase III West commenced operation on 25 January 2013, earlier than originally scheduled. It is a 37.7-km closed expressway with a total of 6 lanes in dual directions. Connected to Phase II West at Zhongshan to the north, it extends southwards to link with the Zhuhai expressway network, thus providing direct access to Hengqin (the State-level Strategic New Zone) in Zhuhai, Macau, and the HZM Bridge, which is under construction. It also provides the most direct and convenient expressway link between the city centres of Zhongshan and Zhuhai.

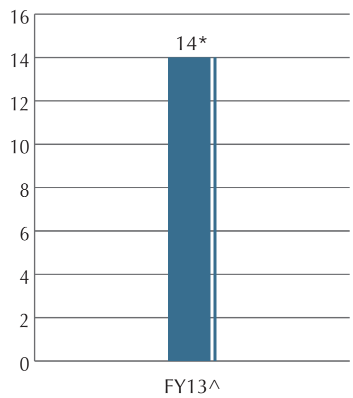
The opening of Phase III West marks the completion of the entire Western Delta Route, which has a total length of 97.9 km. It provides new momentum for the Group's revenue growth and it increases the total length of toll expressways in which the Company has invested by 20% to around 220 km. The Western Delta Route forms the only expressway artery in the regional expressway network on the western bank of the PRD region, and links its most prosperous and populous cities, including Guangzhou, Foshan, Zhongshan and Zhuhai. It will also offer direct access to the Hengqin State-level Strategic New Zone, Macau and Hong Kong via its connection with the HZM Bridge, which is planned to open by the end of 2016. The Western Delta Route has also substantially reduced the traveling time between Guangzhou and Zhuhai from more than 2 hours via existing local roads to approximately one hour. Moreover, running along the central axis, being the heart of the western bank of the PRD region, the Western Delta Route is well connected with the region's expressway network, including the Guangzhou Ring Road, Guangzhou-Gaoming Expressway, Guangzhou Southern Second Ring Road, Zhongshan-Jiangmen Expressway, Western Coastal Expressway, and the expressway that will link Hengqin and the HZM Bridge. It will thus help to stimulate the region's economic integration and growth.

Performance of Phase III West is encouraging. The traffic volume and toll revenue have grown continuously. Between its opening and 30 June 2013, the average daily traffic volume and average daily toll revenue of Phase III West amounted to 14,000 vehicles and RMB291,000 respectively and reached 18,000 vehicles and RMB376,000 respectively in July 2013. The synergy between Phase I West, Phase II West and Phase III West is expected to stimulate a persistent growth of Phase III West's traffic volume and toll revenue.

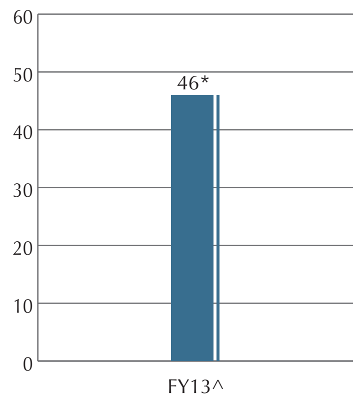
Phase III West Average Daily Toll Revenue (RMB thousand)



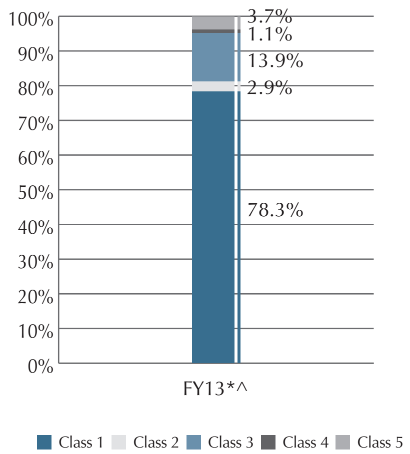
Phase III West Average Daily Traffic (No. of vehicles in thousand)



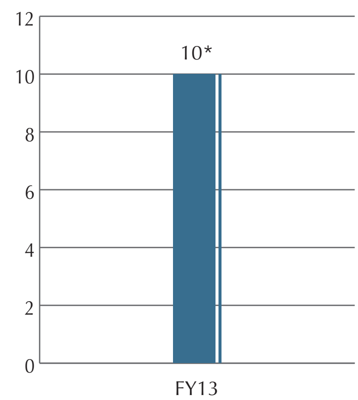
Phase III West Annual Toll Revenue (RMB million)



Phase III West Traffic Breakdown by Class



Phase III West Average Daily Full Length Equivalent Traffic (No. of vehicles in thousand)

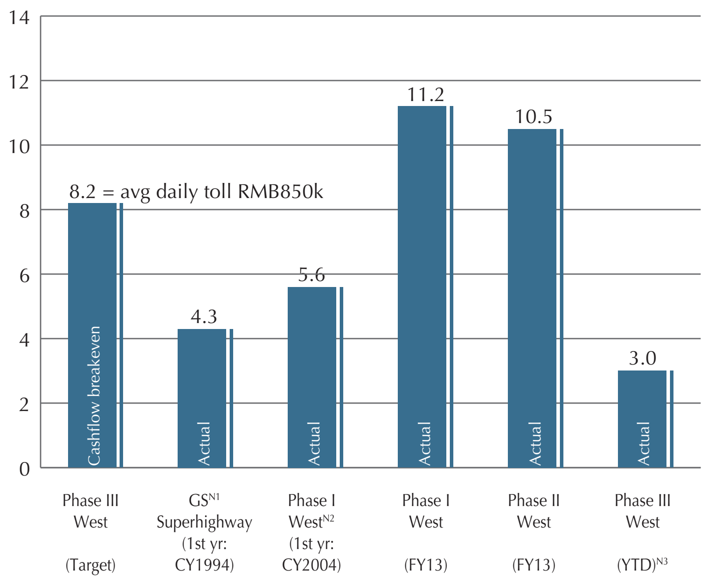


* Phase III West was opened on 25 January 2013

^ Holiday Toll-free Policy was implemented since 2 August 2012 for 13 days during the year under review

Based on the annual toll revenues and expenses of the GS Superhighway, Phase I West and Phase II West during their first full year of operation, the Group expects that Phase III West's toll revenue will achieve its operating cash flow breakeven target (after taking interest expense payment into account) once its average daily toll revenue reaches RMB850,000 (the equivalent of annual toll revenue of RMB8.2 million per km) within the next 2 years. Following the completion of Phase III West in January 2013, the West Route JV is targeted to become profitable during the second half of FY15.

Annual Toll Revenue per km (RMB'm)



N1: Annualised figure for CY94 (GS Superhighway started operation on 18 Jul 1994)
N2: Annualised figure for CY04 (Phase I West started operation on 30 Apr 2004)
N3: Annualised figure from 25 Jan 2013 to 31 Jul 2013

The Guangdong Provincial Government has approved the 25-year toll collection period of Phase III West. On the other hand, the planned total investment for Phase III West could increase from RMB5,600 million to up to RMB6,150 million, mainly because land costs may be higher than expected. The remaining project payments of not more than RMB440 million (based on a planned total investment cost of up to RMB6,150 million) will be funded by available PRC project bank loans and the Company's shareholder's loan.

Financial Review

Change of presentation currency from HK Dollars to RMB

The Company's functional currency has been RMB since FY09 and the Group has been receiving RMB dividends directly from the GS Superhighway JV and West Route JV. Moreover, funds raised by the Company in recent years were mostly in RMB. It also placed 120 million RMB-traded shares of the Company on the RMB counter of the Stock Exchange on 29 October 2012. The Directors therefore consider that it is now more appropriate to use RMB for presenting the Group's operating results and financial positions, and to declare dividends in RMB.

As a result, the following consolidated financial statements for the year ended 30 June 2013 are presented in RMB, whereas the comparative figures for the year ended 30 June 2012 have been restated to align with the change in presentation currency. The changes in presentation currency and translation of the comparative amounts from HK Dollars to RMB have no material impact on the Group's consolidated financial statements for the year concerned. The consolidated financial statements presented in HK Dollars on pages 91 to 160 have also been prepared for reference purpose only.

The Group's performance for the year ended 30 June 2013 presented in RMB was as follows:

	Year ended 30 June					
	2012			**2013**		
	Net toll revenue RMB million	EBIT RMB million	Results RMB million	**Net toll revenue RMB million**	**EBIT RMB million**	**Results RMB million**
Project contributions:						
GS Superhighway (Note 1)	1,689	1,183	812	**1,470**	**912**	**616**
Phase I West	77	51	34	**80**	**51**	**34**
Phase II West	183	99	(37)	**231**	**126**	**(20)**
Phase III West (Note 2)	–	–	–	**22**	**3**	**(49)**
Net toll revenue/EBIT/ Net profit of projects	1,949	1,333	809	**1,803**	**1,092**	**581**
Year-on-year change				**–7%**	**–18%**	**–28%**
Corporate results:						
Bank deposits interest income			87			**71**
Interest income from loans made by the Group to a jointly controlled entity			23			**35**
Other Income			1			**1**
General and administrative expenses			(47)			**(43)**
Finance costs			(55)			**(60)**
Income tax expenses			(9)			**(9)**
			0			**(5)**
Profit before net exchange gain (after deduction of related income tax)			809			**576**
Year-on-year change						**–29%**
Net exchange gain (after deduction of related income tax)			42			**36**
Profit for the year			851			**612**
Profit attributable to non-controlling interests			(15)			**(11)**
Profit attributable to owners of the Company			836			**601**
Year-on-year change						**–28%**

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

Note 2: Phase III West was opened on 25 January 2013.

The Group's proportionate share of the aggregate net toll revenue of its expressway projects fell by approximately 7% to RMB1,803 million during the year ended 30 June 2013, compared to RMB1,949 million for the previous year. This was mainly due to a decline in the toll revenue of the GS Superhighway of approximately 13% year-on-year, following the implementation of the Tariff Proposal on 1 June 2012 and the Holiday Toll-free Policy. However, this drop was partly offset by a strong growth in the toll revenue of Phase II West and the new revenue contribution from Phase III West, which opened on 25 January 2013. The GS Superhighway, Phase I West, Phase II West and Phase III West contributed 82% (RMB1,470 million), 4% (RMB80 million), 13% (RMB231 million) and 1% (RMB22 million) respectively to the total share attributable to the Group of their aggregate net toll revenues.

The Group's operating expenses increased as the result of the opening of Phase III West on 25 January 2013 and the increased staff costs of the two JV companies. Depreciation charges for the GS Superhighway JV and West Route JV also increased as a result of the rise in traffic volume, additional depreciation charges on assets capitalised upon the completion of certain road expansion and improvement works and the opening of Phase III West. Thus, the aggregate EBIT of toll expressways (excluding an exchange gain on the GS Superhighway JV's US Dollar and HK Dollar loans as well as related income tax expenses) declined by 18%, from RMB1,333 million to RMB1,092 million.

Due to the completion and opening of Phase III West, its interest expenses have been recorded for the first time in the consolidated statement of profit or loss for the second half of FY13. Taking increased finance costs into account, the aggregate net profit of the four projects (excluding an exchange gain on the GS Superhighway JV's US Dollar and HK Dollar loans as well as related income tax expenses) fell by 28%, from RMB809 million to RMB581 million.

The traffic and toll revenue of Phase II West have grown strongly ever since it opened on 25 June 2010. The Group's proportionate share of Phase II West's EBITDA grew by 27% to RMB193 million during the financial year. Despite the increased finance costs of Phase II West, its results improved from a net loss of RMB37 million to a net loss of RMB20 million. The finance costs of Phase II West are set to increase, after the Company advanced a shareholder's loan of RMB1,000 million to West Route JV during the year under review. The shareholder's loan was partly used to repay an intercompany loan to the GS Superhighway JV and the interest incurred, and partly used to settle outstanding project costs of Phase II West. In July 2013, the average daily toll revenue of Phase II West reached RMB1.5 million for the first time.

The Group's profit before the net exchange gain (after deduction of related income tax) fell by 29%, from RMB809 million to RMB576 million. This was mainly attributable to a fall in its net toll revenue, increased depreciation charges, and an operating loss generated by Phase III West following its opening on 25 January 2013. Together with a decline in the net exchange gain on the GS Superhighway JV's loans denominated in US Dollars and HK Dollars as a result of the RMB's appreciation of 1.7% during the year under review, the profit attributable to owners of the Company declined by 28%, from RMB836 million to RMB601 million.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

During the year ended 30 June 2013, the Group's consolidated operating, general and administrative expenses increased by 10%, from RMB289 million to RMB318 million. This was mainly attributable to the opening of Phase III West and the increased staff costs of the two JV companies.

Consolidated depreciation and amortisation charges increased from RMB397 million to RMB454 million year-on-year. This was the result of the opening of Phase III West, the growth in traffic volume (especially a surge in the traffic volume on Phase II West) and an additional depreciation charge on assets capitalised upon the completion of certain road expansion and improvement works.

The Group's total consolidated finance costs rose by 34%, from RMB223 million to RMB299 million. Since the completion and opening of Phase III West, its interest expenses have been recorded for the first time in the consolidated statement of profit or loss for the second half of FY13. In addition to advancing a RMB30 million to Phase III West, the Company also advanced a shareholder's loan of RMB1,000 million to Phase II West during the year under review. As at the close of this financial year, the Company advanced a total of RMB1,030 million shareholder's loan to the West Route JV.

The tax concessions for both the GS Superhighway and Phase I West were adjusted following the PRC's 2008 tax reform, and their EIT rates increased incrementally to 25%. The rates applicable to the GS Superhighway and Phase I West rose from 24% in 2011 to 25% in 2012. The EIT rate for the GS Superhighway and Phase I West remains at 25% from 2012 until the expiry of their contractual operation periods. The increase in the EIT liabilities of the JV companies did not significantly impact the Group's results during the year under review. Phase II West is exempt from EIT from 2010 to 2012. Its applicable rate from 2013 to 2015 is 12.5%, and this will rise to 25% from 2016 until the expiry of its contractual operation period. Phase III West is exempt from EIT from 2013 to 2015. Its applicable rate from 2016 to 2018 will be 12.5%, and this will rise to 25% from 2019 until the expiry of its contractual operation period.

Liquidity and Financial Resources

The Group's debt balance consisted of the Company's RMB corporate bonds, the Group's bank loans and its proportionate share of the non-recourse project loans of its PRC JV companies. As at 30 June 2013, its total debt to total assets ratio and gearing ratio (net debt to equity attributable to owners of the Company) were as shown below. The Group's net cash on hand (excluding JV companies) amounted to RMB278 million. The Group's net cash on hand, together with the shareholder's loan receivable from the West Route JV of RMB1,030 million, amounted to RMB1,308 million.

HHI Corporate Level

As at 30 June 2013

	RMB million		RMB million
Bank balances and cash and shareholder's loans to JV company		**Corporate debt**	
– Bank balances and cash	1,480	– RMB corporate bonds	600
– The Company's shareholder's loans to JV company(Note 1)	1,030	– RMB bank loan	500
		– HKD bank loans	102
	2,510		1,202

Net cash(Note 2): RMB278 million

Net cash and the Company's shareholder's loans to JV company: RMB1,308 million

Proportionate Share of JV Companies

As at 30 June 2013

	RMB million		RMB million
Bank balances and cash		**Bank loans and shareholder's loans**(Note 3)	
– Bank balances and cash	363	– GS Superhighway	1,832
		– Phase I West	323
		– Phase II West	2,327
		– Phase III West	1,875
	363		6,357

Net debt: RMB5,994 million

Note 1: The Company's shareholder's loans were made to the JV company for Phase II West and Phase III West as interim financing due to inability of the JV company to borrow from PRC banks for Phase II West before the official approval for its increased investment.

Note 2: Net cash is defined as bank balances and cash less corporate debt.

Note 3: Including bank loans and the shareholder's loans to Phase II West and Phase III West proportionately shared by the Group which would be totally eliminated on consolidation.

	As at 30 June	
	2012 RMB million	**2013** **RMB million**
Total debt		
– Company and subsidiaries (including RMB corporate bonds and bank loans)	3,038	(Note 2) **1,202**
– JV companies	5,980	**6,217**
Net debt(Note 1)	4,870	**5,576**
Total assets	17,624	(Note 2) **16,284**
Equity attributable to owners of the Company	7,282	**7,571**
Total debt/total assets ratio	51%	(Note 2) **46%**
Gearing ratio	67%	**74%**

Note 1: Net debt is defined as total debts less bank balances and cash, together with pledged bank balances and deposits for HHI corporate level & proportionate share of JV companies.

Note 2: Taking account of repayment of RMB1,380 million corporate bonds by the Company in July 2012 and prepayment of RMB500 million bank loan in June 2013.

The major sources of the Group's operating cash inflow during the year under review were dividends received from the GS Superhighway JV, including the amount of RMB351 million received after the West Route JV repaid intercompany borrowings in respect of Phase II West of RMB731 million to the GS Superhighway JV. On the other hand, its major operating cash outflow was the payment of dividends to the Company's shareholders. The Group will continue to optimise its balance sheet, improve its cash flow and strengthen its financial position.

The Group enjoys a strong and solid financial position. As at 30 June 2013, the Group's bank balances and cash on hand (excluding JV companies) amounted to RMB1,480 million (30 June 2012: RMB3,756 million), or RMB0.48 per share (30 June 2012: RMB1.27 per share). The decline in the Group's bank balances and cash on hand was the net effect of the repayment of RMB1,380 million for corporate bonds in July 2012, the advance of a RMB1,000 million shareholder's loan to West Route JV as interim financing for Phase II West, the receipt of net proceeds of RMB375 million from the placement of RMB-traded shares in October 2012, dividends received from the GS Superhighway JV of RMB351 million in December 2012 and the prepayment of RMB500 million for the RMB1,600 million bank loan facility. However, the Group's net cash on hand (excluding JV companies) amounted to RMB278 million (30 June 2012: RMB718 million), (after netting off the Company's RMB corporate bond and the Group's bank loans), or RMB0.09 per share (30 June 2012: RMB0.24 per share). In addition, the Group had shareholder's loan receivables from West Route JV of RMB1,000 million, due to interim financing for Phase II West, and RMB30 million in respect of Phase III West, as further described below. The Group's net cash on hand and the shareholder's loan receivables from West Route JV amounted to RMB1,308 million. The net cash on hand, together with the healthy cashflow and stable cash dividends from the Company's toll expressway projects in the PRC, will provide adequate financial resources for the Company's future projects.

Group Financing

The relevant PRC authorities are currently processing the West Route JV's application to increase its investment in Phase II West to RMB7,200 million. Once approval is obtained, additional registered capital will be injected into the West Route JV by the PRC partner and the Company on a 50:50 basis and additional project bank loans can be borrowed. To settle the outstanding project payments for Phase II West and make efficient use of the Company's internal resources, the Company intends to advance shareholder's loans not exceeding a total of RMB1,500 million (of which RMB1,000 million had been advanced and was outstanding as of 30 June 2013) to the West Route JV as interim financing for Phase II West. The Company will continue to provide financial support to the West Route JV until Phase II West's increased investment is approved and additional project bank loans can be obtained. In December 2012, the West Route JV used the RMB1,000 million shareholder's loan provided by the Company to repay in full the intercompany borrowings of RMB731 million to the GS Superhighway JV, and to settle the outstanding project payments of Phase II West. As at 30 June 2013, the estimated outstanding project payments for Phase II West amounted to not more than RMB500 million, which will fully be covered by the Company's shareholder's loans.

The planned total investments for Phase III West could increase from RMB5,600 million to RMB6,150 million, mainly because the land costs may be higher than planned. The project is adequately funded by registered capital, available banking facilities and shareholder's loans. The Group had already contributed the full amount of registered capital (a total of RMB980 million) and advanced shareholder's loan totalling RMB530 million to the West Route JV as interim financing. As of 30 June 2013, the outstanding amount of the shareholder's loan was reduced to RMB30 million since the West Route JV had repaid RMB500 million to the Company during FY12. As of 30 June 2013, the estimated outstanding project payments for Phase III West amounted to not more than RMB440 million (based on planned total investment cost of up to RMB6,150 million), which will be funded by available PRC project bank loans and shareholder's loan.

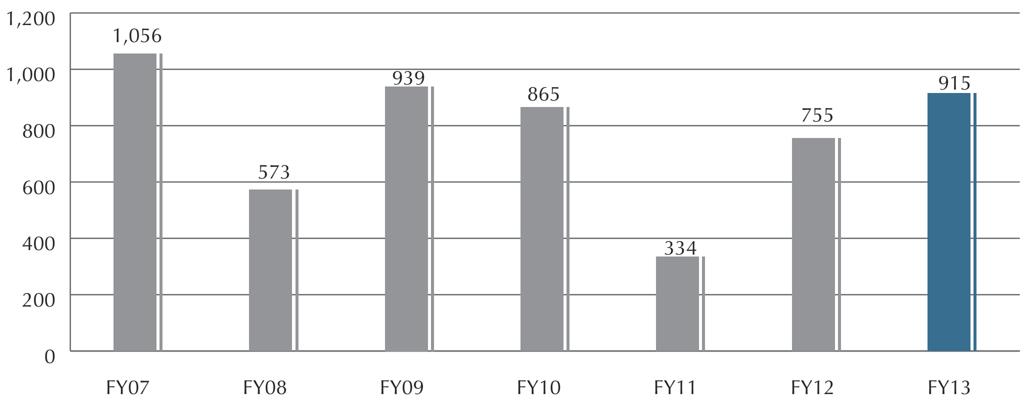
The Group has well arranged the financial resources for the funding requirements of the West Route JV, given that the Company issued RMB600 million corporate bonds in May 2011 (which will mature in May 2014); signed a RMB1,600 million loan facility agreement in May 2012 (which will mature in May 2015 and of which RMB500 million had been prepaid in June 2013); received net proceeds of RMB375 million from the placement of RMB-traded shares in October 2012 and also signed a HK$300 million loan facility agreement in June 2013 (which will mature in June 2016).

As of 30 June 2013 (JV Level)	**Planned Investment**	**Estimated Outstanding Project Payments**	**Available Funding**	
	RMB million	RMB million	RMB million	
Phase II West	7,200	Not more than 500	500	Shareholder's loan
Phase III West	6,150	Not more than 440	205	PRC bank loans
			235	Shareholder's loan

Taking into account the outstanding balances and planned shareholder's loan to Phase III West of RMB30 million and RMB235 million respectively, totalling RMB265 million, as well as shareholder's loans already advanced and planned totalling RMB1,500 million for Phase II West, the Group's exposure in the Western Delta Route will increase from 18% to 26% of the total investment in the project.

The Group's bank balances and cash on hand will be sufficient to provide further shareholder's loans for Phase II West and Phase III West, if needed. Together with the stable cash dividends from the Group's toll expressways, they will also provide sufficient financial resources for future projects. In view of its strong financial position, the Company prepaid RMB500 million of the RMB1,600 million bank loan facility (of which RMB1,000 million had been drawn since June 2012) in June 2013.

Cash Dividends from the GS Superhighway (RMB million)



As at 30 June 2013, 99.9% (30 June 2012: 99.9%) of the Group's bank balances and cash on hand were denominated in RMB and 0.1% (30 June 2012: 0.1%) in HK Dollars. The bank balances and cash on hand of the JV companies proportionately shared by the Group amounted to RMB363 million (30 June 2012: RMB392 million). The Group received cash dividends from the GS Superhighway JV of RMB915 million, RMB755 million, RMB334 million, RMB865 million, RMB939 million, RMB573 million and RMB1,056 million during FY13, FY12, FY11, FY10, FY09, FY08 and FY07, respectively. The reductions in the cash dividends during FY11 and FY08 were mainly brought about by the intercompany borrowings provided by the GS Superhighway JV to the West Route JV in respect of Phase II West and the repatriation of registered capital by the GS Superhighway JV to the Company respectively. The cash dividends from the GS Superhighway JV were restored to their normal levels in FY12. The cash dividends increased during the year under review as the result of the full repayment of intercompany borrowings by the West Route JV in respect of Phase II West to the GS Superhighway JV in December 2012, and the GS Superhighway JV's distribution of a dividend of RMB351 million to the Company out of these funds. The cash dividends received and receivable from the GS

Superhighway JV make the Group confident that it has sufficient financial resources for its recurring operational activities, as well as its existing and potential investment activities. In anticipation of the full repayment of the existing bank loans of the GS Superhighway JV in 2019, the Group expects the GS Superhighway JV's cash flow and the amount of cash dividends the Group receives from it to increase substantially thereafter.

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

Bank and Other Borrowings

As at 30 June 2013, the total bank and other borrowings of the JV companies proportionately shared by the Group (including US Dollars bank loans of equivalent to RMB1,625 million, HK Dollars bank loan of equivalent to RMB207 million, RMB bank loans of RMB4,010 million and RMB other borrowing of RMB7 million), together with the RMB corporate bonds and RMB term loan raised by the Company and the Group's short-term bank loans, amounted to approximately RMB7,051 million (30 June 2012: RMB8,762 million) with the following profile:

(a) 91% (30 June 2012: 77%) consisted of bank loans and 9% (30 June 2012: 23%) of other loans (including RMB corporate bonds with a total value of RMB600 million (30 June 2012: RMB1,980 million)). The fall in the percentage of other loans was due to the Company's repayment of RMB1,380 million for corporate bonds due; and

(b) 23% (30 June 2012: 21%) was denominated in US Dollars; 73% (30 June 2012: 76%) was denominated in RMB and 4% (30 June 2012: 3%) was denominated in HK Dollars. The decrease in the percentage of RMB borrowings was due to the Company's repayment of RMB1,380 million for corporate bonds in July 2012.

The Group's net current assets decreased by 93%, from approximately RMB1,656 million as at 30 June 2012 to approximately RMB112 million as at 30 June 2013. This decline was due to the drop in bank balances and cash as a result of the Company's repayment of RMB1,380 million for corporate bonds in July 2012; the advance of a RMB1,000 million shareholder's loan by the Group to the West Route JV in respect of Phase II West for the purpose of fully repaying the GS Superhighway's inter-company borrowings of RMB731 million; and the prepayment of RMB500 million out of the RMB1,000 million loan drawn under the RMB1,600 million bank loan facility but partly offset by the issue of the Company's RMB-traded shares with net proceeds of RMB375 million in October 2012. In addition, the decline in current liabilities was the net effect of the repayment of the RMB1,380 million corporate bonds and the reclassification of RMB600 million corporate bonds (which will mature in May 2014) from non-current liabilities to current liabilities during the year under review.

Debt Maturity Profile

As at 30 June 2013, the maturity profile of the bank and other borrowings of the JV companies proportionately shared by the Group, RMB corporate bonds and RMB term loan raised by the Company, together with the Group's short-term bank loans, were shown below, together with the corresponding figures as at 30 June 2012:

	As at 30 June			
	2012		**2013**	
	RMB million	%	**RMB million**	**%**
Repayable within 1 year(Note 1)	1,745	20%	**954**	**14%**
Repayable between 1 and 5 years(Note 2)	3,151	36%	**2,255**	**32%**
Repayable beyond 5 years	3,866	44%	**3,842**	**54%**
	8,762	100%	**7,051**	**100%**

Note 1: RMB corporate bonds with a total value of RMB1.38 billion matured in July 2012.

Note 2: RMB corporate bonds with a total value of RMB600 million will mature in May 2014, and the RMB term loan of RMB500 million will become due in May 2015 (of which RMB500 million had been prepaid out of the RMB1,000 million loan drawn as of 30 June 2013).

Interest Rate and Exchange Rate Exposure

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

Treasury Policies

The Group continues to adopt prudent and conservative treasury policies in its financial and funding management. Its liquidity and financial resources are reviewed on a regular basis, with a view to minimising its funding costs and enhancing the returns on its financial assets. Most of the Group's cash is placed in deposits denominated in RMB. Holding RMB suits the Group's PRC-based operations, and it can earn higher interest income from RMB deposits than HK Dollar deposits. The percentage of cash the Group held in RMB bank deposits was maintained at 99.9% as at 30 June 2013. It has therefore maintained the proportion of its RMB bank deposits to that of its HK Dollar deposits. As there were two cuts in RMB deposit interest rates in the PRC in June and July 2012, the Group's overall treasury yield decreased to 3.18%, compared to 3.26% for the previous year. The Group will continue to strengthen its treasury management and evaluate the options available for improving the yields on its substantial cash-deposit portfolio.

Capital and Other Commitments

As at 30 June 2013, the Group had agreed, subject to the approval by the relevant authorities, to make additional capital contributions of approximately RMB402.5 million (30 June 2012: RMB402.5 million) to the West Route JV for the development of Phase II West. It currently plans, subject to the approval by the relevant authorities, to make these capital contributions during FY14.

As at 30 June 2013, the Group's proportionate share of the GS Superhighway JV and the West Route JV were 48% and 50% respectively. Its outstanding and unfulfilled commitments in relation to the acquisition of property and equipment amounted to approximately RMB39 million (30 June 2012: acquisition of property and equipment and the construction of Phase III West amounted to approximately RMB419 million) in aggregate.

Pledge of Assets

As at 30 June 2013, the Group's JV companies pledged certain assets to banks in order to secure the banking facilities granted to them. The carrying amounts of these assets proportionately shared by the Group were as follows:

	As at 30 June	
	2012	**2013**
	RMB million	**RMB million**
Concession intangible assets	5,996	**5,767**
Property and equipment	206	**230**
Inventories	2	**2**
Interest and other receivables	56	**58**
Bank balances and deposits	282	**328**
	6,542	**6,385**

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

Contingent Liabilities

As at 30 June 2013, the Group had no material contingent liabilities.

Material Acquisition or Disposal

The Company's subsidiaries and associated companies did not make any material acquisitions or disposals during the year ended 30 June 2013.

Others

Employees and Remuneration Policies

The Group provides competitive remuneration packages that are determined with reference to prevailing salary levels in the market and individual performance. It offers share option and share award schemes to eligible employees in order to provide them with incentives and to recognise their contributions and ongoing efforts. In addition, discretionary bonuses are granted to employees based on their individual performance as well as the Group's business performance. It provides medical insurance coverage to all staff members and personal accident insurance to senior staff members. As at 30 June 2013, the Group, excluding the joint venture companies, had 28 employees.

Besides offering competitive remuneration packages, the Group is committed to promoting family-friendly employment policies and practices. The Group has arranged stress management workshops and Employees Assistance Program for employees, which were delivered by professionals who shared their experiences and methods handling stress. The Group also invests in human capital development by providing relevant training programmes to enhance employee productivity. In collaboration with Independent Commission Against Corruption, Equal Opportunities Commission and Office of Privacy Commissioner for Personal Data, the Group held different kinds of seminars and workshops for the employees to enhance their awareness towards corporate governance.

The Group's training programmes are designed and tailor-made to increase the knowledge of its employees and fill skill gaps identified during performance appraisals. Its overall training objectives are to enhance the personal productivity of its employees and to identify their individual interests in order to prepare their future roles and enable them to make greater contributions to the success of the Group's businesses. Besides formal training programmes, the Group also provides comprehensive and relevant training and self-learning opportunities to employees such as on-the-job training and educational sponsorships. During the period, the Group organised a number of seminars on subjects like counseling and crisis management, MPF investment management, cross-border insurance arrangement, by external consultants or service providers to enhance employees' general knowledge in the topics concerned.

Corporate Social Responsibility Report

About this Report

Introduction

This is the second Corporate Social Responsibility ("CSR") Report of HHI in FY13. We published our first CSR report in FY12 to show our priority on the initiation and promotion of CSR development within our business. This Report shows our continuing commitment to transparency to stakeholders through an overview of our business and a case study of Phase III West that especially demonstrates our objective, approach and performance on CSR issues within our business operations. Our efforts were well recognised that HHI has been included in the Hang Seng Corporate Sustainability Benchmark Index for three consecutive years from 2011 to 2013.

Scope of the report

Our expressways include the 122.8 km GS Superhighway and the 97.9 km Western Delta Route. The Report provides an insight into our strategic focus and broad sustainability efforts in the geographical coverage of our expressways that includes Guangzhou, Dongguan, Shenzhen, Foshan, Zhongshan, Zhuhai and extending connection to Hong Kong, Macau and the major cities in the PRD region.

How we report

The content of this Report is written by reference to some of the Global Reporting Initiative (GRI) Sustainability Reporting Framework (G3.1). The materiality of the topics covered in this Report was determined by stakeholder engagement that addressed corporate governance, workplace practices, human rights, environmental considerations, consumer issues and community involvement and development. This report can be viewed on line or downloaded at http://www.hopewellhighway.com/WebSite_en/ci/ci_csr.htm

Measuring our performance

We have included future targets in this Report, along with progress on our commitments related to the action plans set in the previous reporting period. This enables us and our stakeholders to better keep track of and manage our progress.

Our Business at a Glance 2012/13

Toll expressways in operation in Mainland China:

- Guangzhou-Shenzhen Superhighway
- Phase I of the Western Delta Route
- Phase II of the Western Delta Route
- Phase III of the Western Delta Route (commenced operation on 25 January 2013)

Achievement in 2012/13

- Hang Seng Sustainability Benchmark Index
- Best Small-Cap Equity Deal (FinanceAsia)
- Caring Company Logo (The Hong Kong Council of Social Service) – 5 years Caring Company logo
- National Employment Advanced Enterprise Award (State Council of the People's Republic of China) received by GS Superhighway JV
- 3-Star Operation Case Study Award for "廣深高速大車流情況下的交通管理" in the 36th International Convention on Quality Control Circles, Kuala Lumpur (Malaysia Productivity Corporation) received by GS Superhighway JV

(A) Case Study/Highlight: Phase III West of Western Delta Route

Sustainable development is our key strategic focus. We integrate sustainable concepts and implement broad sustainability measures within our business. Our newly completed Phase III West, which commenced operation on 25 January 2013, is definitely a good demonstration of our sustainability initiatives.

Phase III West is an 37.7-km closed expressway with a total of 6 lanes in dual directions. The completion of Phase III West marks the completion of the entire Western Delta Route and the PRD expressway network that the Group proposed in the late 1970s, with its vision of the potential that could be unleashed in Guangdong and particularly the PRD region following the PRC's economic reforms in the 1970s. This strategic network consists of the GS Superhighway, the Western Delta Route, the Humen Bridge and the Guangzhou East-South-West Ring Road. Phase III West connects to Phase II West in Zhongshan to the north, extends southwards to link with the Zhuhai highway network, which offers direct access to Hengqin (the State-level Strategic New Zone) in Zhuhai, Macau, and connects to the forthcoming HZM Bridge.

In echo with the Group's vision of building a regional transportation network, completion of Phase III West has further enhanced the transportation network today and made it more comprehensive, cohesive and efficient. The travelling time between Guangzhou and Zhuhai is greatly reduced, from over 2 hours via existing local roads to around 1 hour. Besides, we incorporate our sustainability initiatives early in the design stage and throughout the construction stages of the Western Delta Route. The expressway showcases our sustainability concepts in operation. Key sustainability elements include energy-saving lighting systems at tunnels and toll plazas, landscaping and highway alignment design in scenic mountainous terrain, durable and thicker-than-requirement road surface and noise barriers that minimise the noise impact to residential areas in the proximity.

Connectivity

The Western Delta Route becomes the main artery of a regional expressway network spanning the western bank of the PRD region and providing a direct route for road users between Guangzhou, Foshan, Zhongshan and Zhuhai. It connects major cities and links major expressways, feeder roads and facilities in the western bank of the PRD region and the upcoming HZM Bridge at the southern end. This connectivity between all populous and prosperous cities in the western PRD region not only creates a convenient linkage for commuters and travelers, but also stimulates socio-economic growth in cities along our route. We strongly believe that as a strategic expressway comprehensively covering the most affluent cities on the PRD's western bank, the Western Delta Route will undoubtedly benefit from the region's prosperity and its development potential. We believe one of the positive impacts where more residential and industrial buildings will be close to the highway since its operation. We anticipate dynamic modernisation along our expressways within the booming economies of the *en route* cities. This echoes with our belief that infrastructure connects local communities to metropolitan cities and contributes to the respective socio-economic growth. Thus, our goal is not only to expand our business and enhance shareholder values, but also to support urbanisation in the proximity of our expressways.

Energy Saving

We are keen on promoting an energy-efficient expressway that is sustainable and comfortable. As the technology of energy-saving LED lights becomes more mature, the Group initiated to amend the lighting design along the tunnel sections of Phase III West from the original conventional design of adopting sodium lamps to energy-saving LED lights and sodium lights. The lights at the tunnel sections are controlled by a centralised control system that adjusts the luminance of the lights under different weather conditions and daylight hours of the day. Around 4,500 energy-saving LED lights and 7,000 sodium lights were installed at the tunnel sections and toll plazas of Phase III West. We strive to fully utilise our resources in order to optimise the efficiency of electricity consumption and maintain a sustainable expressway.

Operational Efficiency and Service Quality

To enhance efficiency, 8 ETC lanes were installed at entrances and exits of Phase III West. Each vehicle's processing time is reduced from averagely 24 seconds to 2-3 seconds at the exits. 5 automatic card-issuing machines are also in operation at the entrances of Phase III West. These measures increase toll lane efficiency and cater for greater traffic capacity in response to the continuing increase of ETC users in Guangdong Province.

Durability

We strive to maintain a durable and sustainable expressway for our road users. Following the successful precedent of the GS Superhighway (which we insisted on adopting the thicker-than-requirement road surface design and it has been proven to be successful and durable under heavy traffic since 1994), we again adopted thicker-than-requirement road surface and better construction materials throughout Phase III West. This increases road durability and helps avoid traffic congestion resulting from frequent maintenance works.

Landscaping

The alignment of Phase III West passes through the mountainous terrain. It was designed in such a way that the alignment is consistent with topography rather than a simple straight alignment, so that the beauty of mountains can be preserved and drivers can enjoy the natural scenery. In addition, the West Route JV cooperated with the local governments in finishing additional greenery works at the interchanges of the Western Delta Route. We also implement landslide precautionary measures at the slopes alongside the expressway. Our efforts altogether seek to maintain environmentally-friendly surroundings and ensure traffic safety for our road users.

(B) Contributing to a Better Environment

The Company and our JV companies are keen on incorporating low-carbon and environmental conservation in our business operations. Our sustainability implementations include energy-saving initiatives, environmental protection measures, electric vehicle promotion and greenery works. By doing so, we aim to raise corporate awareness in creating a sustainable working and living environment.

Energy Saving

Energy consumption is one of our main focuses of improvement. We continuously refine our operational measures to stay in line with our sustainable initiatives to reduce energy consumption and enhance efficiency. In respect of lighting equipment, we have completed our plan in upgrading to energy-saving lamps of GS Superhighway's lighting. Our energy-saving implementations include LED lights in tunnels and toll plazas, T5 fluorescent lamps at offices and water-heating systems that make use of solar power.

Light is the main source of energy consumption in our expressway operations. We installed energy-efficient lighting systems in echo with our mission to promote low-carbon operations. The GS Superhighway is a pioneer in Guangdong Province to replace all conventional low-mast sodium lamps on the 123 km main alignment to LED lights. Throughout this reporting period, the replacement has been completed in phases. There are approximately 6,280 LED lights along the main alignment of the GS Superhighway now. As a result of the adoption of LED lights, the actual electricity consumption for main alignment lighting was reduced by 20.9% year-on-year . Moreover, sodium lights are replaced by LED lights at all toll plazas of the GS Superhighway. Our efforts altogether seek to reduce energy consumption and enhance efficiency in our operations.

Since 2010, the GS Superhighway JV initiated further promotion of energy-saving awareness among staff members. At present, more than 10,000 T8 fluorescent lamps in its office and living areas are replaced with energy-efficient T5 lamps. This replacement reflects a 14.3% reduction in electricity consumption of respective living areas year-on-year.

West Route JV especially practices sustainable measures within the context of corporate and staff awareness. A water-heating system using solar power has been installed at all staff dormitory buildings in Zhongshan South, Bijiang and Ronggui living areas.

Green Office

The Company and its JV companies endeavour to create a green and sustainable environment. We continue to devote resources and efforts to reduce the dependency on natural resources. One of our main campaigns in action to our environmental proposition is the "Go Green Workplace Campaign". The campaign is launched in the Hong Kong-based office. This campaign advocates green practices in the office, such as the use of recycled paper, double-sided printing and switching off unused electrical appliances. A Green Captain is assigned as a representative to promote sustainability initiatives and encourage the use of renewable and sustainable energies and materials.

Promotion of Electric Vehicle (EV)

The Company and its JV companies continued to explore possibilities in expanding our green car fleet and charging facilities along our expressways. We endeavour to promote and popularise the use of electric vehicles in nearby communities for an environmentally-friendly cause. In addition to the petrol-electric hybrid vehicle introduced into the car fleet of the GS Superhighway JV in 2011, the Company purchased a new Renault FLUENCE Z.E. 100% electric vehicle, which has zero emission, in September 2012. The fuel-efficient vehicle reduces energy consumption and emits cleaner air. This purchase reinforces our commitment to green driving. Our staff members are encouraged to use EVs during local and cross-border business trips. The JV companies also look into the feasibility of installing charging facilities for electric vehicles. At present, two testing charging points are installed along the GS Superhighway for internal use. We aim to gradually broaden the use of electric vehicles within the corporate and communities in the proximity of our expressways.

Greening Works

Besides promoting energy-saving implementations and electric vehicles, we strive to create a greener environment by doing greenery works where we build our expressways. In the course of the construction of our expressways, we aim to minimise the disruption to our environment and create greener and natural surroundings. Additional greenery works have been done along the main alignment and interchanges of the Guangzhou and Dongguan sections of the GS Superhighway. The West Route JV cooperated with the local governments along the Western Delta Route and finished the greenery along Phase III West. We are aware that tree planting is important as it can help remove dust particles in the air and absorb carbon dioxide. Our sustainability efforts in this aspect seek to maintain a healthy and natural environment as well as an environmentally-friendly atmosphere. We continue to work towards improving the air quality while offering a more scenic and comfortable drive for our road users.

Environmental Performance Table

Indicator	Unit	FY12		FY13	
Energy use		GS Superhighway JV	West Route JV	GS Superhighway JV	West Route JV
Purchased electricity (non-renewable)	MWh	28,082	4,378	**24,038**	**6,143**[4]
Renewable energy[1]	MWh	–	13.49	**–**	**11.65**
Diesel	Litres	370,364	23,975	**476,192**	**13,505**
Petrol	Litres	559,345	164,903	**545,920**	**254,963**
Electricity indirect CO_2e emissions[2]	Tonnes	27,414	4,274	**23,466**	**5,997**
Water					
Fresh water used	m^3	495,624	96,346	**479,912**	**89,306**[4]
Materials used[3]					
Cement	Tonnes	361,969	314,776	**16,973**	**81,391**
Steel	Tonnes	13,200	77,606	**2,238**	**5,777**
Steel strand	Tonnes	701	6,560	**21**	**42**
Bitumen	m^3	33,240	0	**7,356**	**25,557**

Notes:

(1) Estimated data based on the energy consumption of 19 surveillance cameras powered by micro wind and solar power on the Western Delta Route

(2) Calculation based on the purchased electricity figures applying the default Mainland China Southern Grid emission factor of 976.2gCO/kWh

(3) Include the consumption of materials for repair and maintenance work in GS Superhighway and construction work in Phase II and Phase III of the Western Delta Route

(4) Estimated data in June 2013 is based on average monthly data from July 2012 to May 2013

The GS Superhighway JV achieved a major milestone target regarding electricity saving during this reporting period. The total electricity consumption reduced from 28,082 MWh to 24,038 MWh. This 14.4% overall reduction is equivalent to about 4 million kWh of electricity, which contributed to the reduction of approximately 4,000 ton of CO_2 emission. This results from the holistic approach and implementation of energy-saving initiatives, including the replacement of LED lights and T5 lamps as well as the reconfiguration of certain toll stations.

The completion of Phase III West plays a key role in the environmental performance of the West Route JV during this reporting period. For instance, the total electricity consumption increased from 4,378 MWh to 6,143 MWh. This 40.3% increase is due to the addition of tunnel lighting, toll plaza lighting and new office and staff quarter after Phase III West opened. Energy-saving lights are installed at the tunnels of the expressway and in staff living areas and toll plazas. The amount of materials used is also greatly reduced compared to the previous reporting period as all construction projects have been completed and the expressway is now fully in operation.

(C) Caring for Our Customers and Communities

As our expressways connect the prosperous and populous cities in the PRD region, we develop an inseparable relationship with the local communities in the proximity. We believe that maintaining a harmonious relationship with our customers and nearby communities is as important as expanding our business margins and profits. For this reason, we strive to balance our business interests with our sustainability efforts through a variety of social endeavours. In particular, we are committed to supporting five core values. We promote traffic safety on our highways, ensure work safety and staff health, encourage volunteering initiatives among our staff members, advocate standardised procurement and guarantee quality of our services. Our efforts are publicly recognised as the GS Superhighway became the first and only expressway in Guangdong being awarded the title of "Model Highway of Civilized Traffic Management" in 2012. The highway has taken up the exemplary role in promoting traffic safety and enhancing service standards among the expressway industry in Guangdong.

Traffic Safety

Ensuring traffic safety on our expressways is one of our priority goals. The Company and its JV companies collaborate to adequately allocate resources, strictly enforce implementations and effectively ensure sufficient communication to enhance the wellbeing of our road users on a safe and comfortable expressway. Our efforts have been recognised in our strategic relationship with the Asia Network for Quality ("ANQ") Congress 2012. The GS Superhighway JV and the West Route JV joined the Congress 2012 themed "Striving for Excellence through Product and Service Quality" from 31 July to 3 August 2013 and 1 August 2013 respectively. The GS Superhighway JV also attended the 36th International Convention on Quality Control Circles themed "From Ideas to Reality," which was held by Malaysia Productivity Corporation in Kuala Lumpur, where we shared our experience in ensuring traffic smoothness and safety during times of peak traffic and won the highest 3-star award in the convention.

The GS Superhighway is one of the busiest expressways in mainland China. To prevent traffic congestion and accidents, surveillance cameras are systematically installed at every road section along the expressway. Since official opening in 1997, we have increased the number of cameras from 34 to over 160 today. The cameras outline a thorough surveillance system that constantly monitors the traffic conditions on the GS Superhighway around the clock in all weather conditions.

The GS Superhighway JV has over 60 patrol vehicles and towing vehicles in the fleet. Our professional patrol and rescue team comprises of over 200 professionals who are responsible for monitoring traffic conditions and handling traffic accidents. The team works closely with the surveillance system in observing road conditions. With the help of our meticulous system, it enables the team to identify an accident and arrive at the accident scene in the shortest possible time. The team provides our road users with highly efficient services in the event of vehicle breakdowns and accidents.

We also provide our road users with updated information regarding our expressways in a variety of ways. Since the National Day holidays in 2012, the GS Superhighway JV cooperated with China Mobile in launching a free mobile application. This application provides road users with latest information about road conditions. It is estimated that the application has been recorded over 100,000 download, which encourages our aim to raise road users' awareness in traffic safety through daily life elements. Likewise, the GS Superhighway JV launched its official website (http://www.g4gs.cn) in September 2012. The website provides road users with the latest traffic conditions and useful information for trip planning, such as locations of gas stations and service areas. A photo update of traffic conditions of specific sections of the expressway is broadcasted on the website every five minutes. Furthermore, since official opening in 1997, we have increased the number of changeable message signboards from 12 to 75 today. The signboards provide road users with the most current and accurate information regarding the road conditions ahead. Finally, the GS Superhighway JV 24-hour emergency service hotline renders assistance to road users in need.

Operational Efficiency and Service Quality

The GS Superhighway enhances operating efficiency and service quality according to the same sustainability initiatives. As of 30 June 2012, the GS Superhighway had 68 ETC lanes, which is the highest number of ETC lanes on any expressways in Guangdong Province. 81 automatic card-issuing machines are in operation at all entrances to the GS Superhighway. Around 60% of all toll lanes at the GS Superhighway entrances are now equipped with either ETC system or automatic card-issuing machines.

Water Drainage

Prevention of accumulating water on road surface during rainy days and prevention of flooding at toll stations or damage of highway structure in heavy rainstorm are important considerations in the design of our highway drainage system. Culvert, drain holes and water channels are installed on and along the main alignment, side slope, embankment and waterway beneath the highway. We focus on ensuring traffic safety in all aspects of precautionary measures and implementations. The system prevents the accumulation of water on the road surface and thus prevent slippery of vehicles. We have also continued improving our highway drainage systems in response to city development in the vicinity, and prevent landslides or damages to the embankment structure. The drainage systems at toll stations are well connected to the local urban drainage systems to prevent flooding when there is heavy rainstorm.

Customer Service

Quality service management and customer relations are our promises to our road users and communities. We strive to proactively approach our customers in order to fully understand their needs and feedbacks on our services. Both the GS Superhighway JV and the West Route JV have set up customer service hotlines dedicated to our customers. Road users may express any queries or complaints through these platforms. We conduct investigations accordingly upon the receipt of a complaint and our road users will be notified of the results after verification. In addition, the GS Superhighway JV hosts a campaign in June and July every year. This campaign aims to raise service standards and maintain customer satisfaction. All staff members, including our toll collection staff, are open for questions from the public. For instance, the Dongguan management center was a great success last year. Around 600 staff members participated in the campaign and received positive feedback from our customers. Our stakeholder engagement provided us with the following feedback: The management of the Western Delta Route is regarded as highly efficient in terms of the highway operator's responsiveness to traffic emergencies, notification of traffic condition and road signage system.

Community Service

The Company puts priority on serving for the community in which we operate. We strive to reach out to local communities in the proximity of our expressways for we believe that our expressways widely connect suburban areas to metropolitan areas and contribute to their socio-economic growth. The Company's employees play an increasingly active role in supporting local voluntary initiatives. Our volunteer teams of the GS Superhighway JV and West Route JV comprises of 500 and 400 people respectively in 2012. With our management's support, the teams are able to organise and engage staff in the participation of a variety of community services, such as charity events and visits to the disabled and elderly. We also participated in the WWF Earth Hour 2013 and received heartening support and feedback from our staff. We will continue to expand our efforts and work together with our communities for a sustainable future.

In addition, noise barriers are installed along our expressways for the betterment of the communities in the proximity and minimise the noise impact to the peripheral residential areas. For instance, around 20% in length along the 20km Shenzhen section of GS Superhighway, which lies within the densely populated Shenzhen Special Economic Zone, has been installed with noise barrier.

(D) Workplace

Work Safety

The safety of our workers is always our top priority. We continue to enforce safety measures within our workplace to ensure the wellbeing of our workers and to raise safety awareness among them. As shown in the social performance table, the number of occupational injuries in the GS Superhighway JV and the West Route JV increased five and two respectively in the year under review. To enhance work safety, two JV companies have launched programmes and policies to enhance the awareness of work safety among our workers, especially frontline staff members. We have strict requirements towards our contractors to comply with the national work safety regulations and adopt all necessary precautionary measures to prevent accidents.

Promotion of Work-life Balance

In addition, we promote healthy work-life balance among our staff in our workplace. The Company continues to allocate resources in taking care of the physical and mental health of our staff. We have done a range of improvement and renovation works at both the GS Superhighway JV and the West Route JV to improve the standards of living and working environment. We also organise leisure activities for staff to maintain a healthy work-life balance and build their sense of belonging. Various sports and interest groups are established to cultivate the wide variety of talent within our staff. Our JV companies organised a variety of activities such as sports games, competitions, festive celebrations and group wedding ceremony for staff. Before Phase III West was officially in operation in January 2013, a cycling activity was held for the staff to ride on the highway.

"I believe little things do count to enhance employee loyalty. Despite e-cards being widely used nowadays, it is warm to receive an actual birthday card from Hopewell. Even though the gift value is small, it just touched people heart."

— Mr. Gary Man,
— Systems Manager, HHI

Staff Training

HHI Management Trainee programme has been organised for 7 years to provide a structured training programme for young talent. It provides a comprehensive view of the Company's business and equips management trainees with the practical skills and knowledge needed for their career and personal development.

Both the GS Superhighway JV and the Western Delta Route JV have their own training centres at the management office to provide practical training for toll collectors, rescue staff and patrol staff to ensure they maintain high-quality service standards and increase their safety awareness. Quizzes on technical knowledge and job simulation exercises were organised throughout the year as refresher trainings.

We are firmly committed to offering equal opportunities for both genders, people of different age groups and different backgrounds including minority groups. All staff employed by our JV companies are also covered by the collective employment agreement.

(E) Supply Chain

All construction suppliers are required to sign a contract regarding protection of labour interests, which requires suppliers to ensure timely payment of wages that should not be below the statutory minimum wages. Construction contractors are also required to strictly follow the environmental protection terms incorporated in the contract that specify the appropriate use of engineering techniques to minimise damages and pollution to the peripheral environment.

Social Performance Table

Indicators	Units	FY12		FY13	
		GS Superhighway JV	West Route JV	GS Superhighway JV	West Route JV
Total Full-time Workforce					
by Location	no.				
Hong Kong		3	2	3	2
Mainland China		2,648	686	2,578	960
Total HK and China		2,651	688	2,581	962
Employees	%				
by Gender					
Female		39.91	40.41	39.36	37.63
Male		60.09	59.59	60.64	62.37
by Age Group	%				
Under 30 years old		55.90	71.95	53.08	74.95
30-50 years old		42.32	26.16	44.87	23.18
Over 50 years old		1.77	1.89	2.05	1.87
by Employment Category	%				
Senior Management	no. (%)	10(0.38)	8(1.16)	8(0.31)	7(0.73)
Managerial		28(1.06)	22(3.20)	31(1.20)	19(1.98)
General		2,613(98.57)	658(95.64)	2,542(98.49)	936(97.30)
Minority groups within workforce	%	1.85	0	1.86	1.56

Indicators	Units	FY12		FY13	
		GS Superhighway JV	West Route JV	GS Superhighway JV	West Route JV
Governance Bodies					
by Gender	no.				
Female		1	0	1	0
Male		9	8	9	8
By Age Group					
Under 30 years		0	0	0	0
30–50 years old		6	6	5	6
Over 50 years old		4	2	5	2
Employee turnover rate	**no. (%)**	427(16.11)	111(16.13)	509(19.72)	151(15.70)
by Gender	no. (%)				
Female		191(7.20)	41(5.96)	258(10)	72(7.48)
Male		236(8.90)	70(10.17)	251(9.72)	79(8.21)
by Age Group	no. (%)				
Under 30 years		362(13.66)	N/A	426(16.51)	136(14.14)
30–50 years old		65(2.45)	N/A	78(3.02)	14(1.46)
Over 50 years old		0(0)	N/A	5(0.19)	1(0.10)
New Employee					
No. of new employee	no.	280	103	440	444
Rates of new employee hire	%	10.56	14.97	17.05	46.15
Employees covered under collective bargaining agreement	%	100	100	100	100
Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	no.	1 month	1 month	1 month	1 month
Occupational Injuries					
by Region	no.				
Hong Kong		0	0	0	0
Mainland China		5	0	10	2
by Gender	no.				
Female		1	0	1	1
Male		4	0	9	1
Lost Days due to Injuries	**Days**	N/A	0	N/A	67

Indicators	Units	FY12		FY13	
		GS Superhighway JV	West Route JV	GS Superhighway JV	West Route JV
Work-Related Fatalities		0	0	1	0
Rate of injury per 1,000 employees		1.89	0	3.87	2.08
Employees receiving regular performance reviews	%	100	100	100	100

Continue our Sustainable Future

Sustainable development is one of the Group's key strategic focuses. With efforts from our management and staff, as well as the inputs from all other stakeholders, values of sustainability have been permeating different levels of our Group and we have been taking steps in implementing sustainability initiatives in various aspects with encouraging achievements. Moving forward, we will continue to promote CSR and strive for bigger progress in our continuous sustainability journey.

In addition to the initiatives we have already taken, we will take key future steps in the year ahead:

Community

Both the GS Superhighway JV and the West Route JV have plans to install more noise barriers along the expressways to further mitigate the impact to the residential areas in the proximity.

Workplace

The GS Superhighway JV will carry out improvement works at the living area at Taiping and Nantou to provide a better living environment for its staff. A new staff quarter has also been built near Baoan Interchange to replace the previous staff quarter at Hezhou Interchange.

Quality Management

Facing the increasing traffic volumes on our expressways, maintaining smooth traffic and a high quality of service standard are key in our management's agenda. Both the GS Superhighway JV and the West Route JV will continue to maintain its service standard by providing its staff members with professional training in business etiquette, dealing with emergency incidents and managing heavy traffic etc. Internal contests will also be held to enhance service quality and staff morale via positive competition.

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.

Throughout the year ended 30 June 2013, the Company has complied with all the code provisions as set out in the CG Code except for the deviation from code provisions A.5.1 and A.6.7 of the CG Code, with explanation described below.

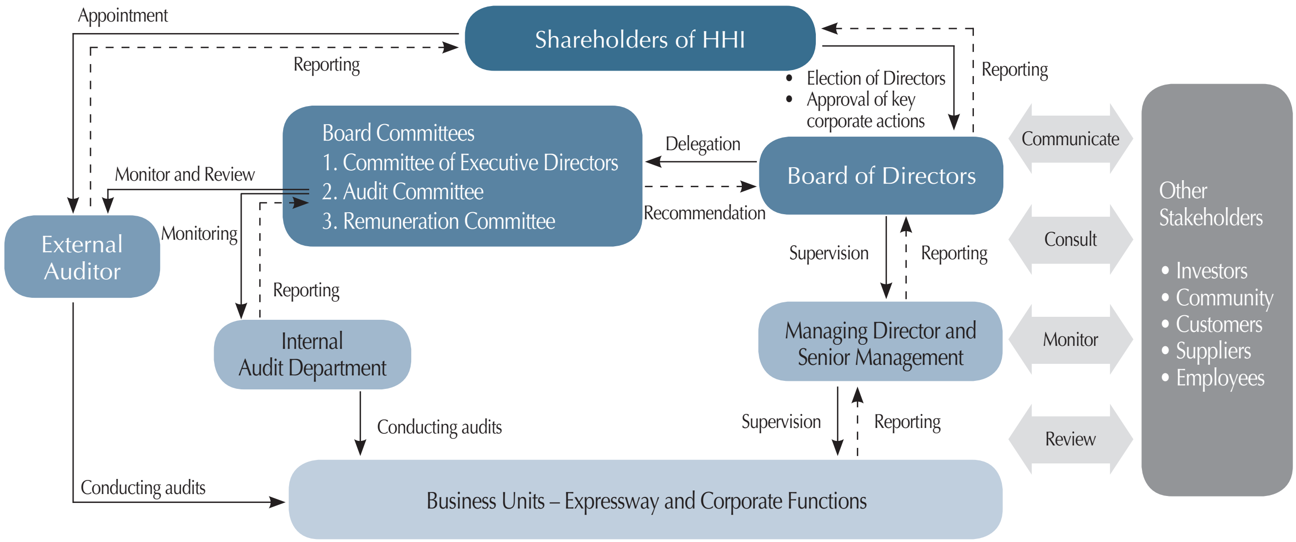
Code Provision A.5.1

The Company does not consider it necessary to have a nomination committee as the Company already has the policies and procedures for selection and nomination of Directors in place. The Board as a whole regularly reviews the plans for orderly succession for appointments to the Board and its structure, size 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(s) will normally be made by the Chairman and/or the Managing Director and subject to the Board's approval. External consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

Code Provision A.6.7

Mr. Philip Tsung Cheng FEI, who was an Independent Non-Executive Director and retired at the conclusion of the 2012 Annual General Meeting, was unable to attend the aforesaid annual general meeting as he was on an overseas engagement. However, all other Independent Non-Executive Directors were present thereat to be available to answer any question to ensure effective communication with shareholders of the Company.

Corporate Governance Structure



Board of Directors

The Board

The Company is managed through the Board which currently comprises six Executive Directors (including the Chairman) and three Independent Non-Executive Directors. The names and biographical details of the Directors, and the relationship amongst them, if any, are set out on pages 13 to 18 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.

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.

Chairman and Managing Director

Sir Gordon WU served as the 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 set out clearly in writing.

Appointment, Re-election and Removal

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.

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

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

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

Board Committees

The Board established a committee of Executive Directors since 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.

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

Audit Committee

Mr. Philip Tsung Cheng FEI ceased to be the chairman and a member of the Audit Committee upon his retirement from the Board at the conclusion of the 2012 Annual General Meeting. Mr. Yuk Keung IP was appointed as the chairman of the Audit Committee in place of Mr. FEI on 18 October 2012. Professor Chung Kwong POON was appointed as a member of the Audit Committee in place of Mr. Kojiro NAKAHARA on 30 June 2013.

The Audit Committee currently comprises three Independent Non-Executive Directors, namely Mr. Yuk Keung IP (Chairman), Professor Chung Kwong POON and Mr. Brian David Man Bun LI. The Company Secretary of the Company serves as the secretary of the Audit Committee and minutes of the meetings are sent to the members of the Audit Committee within a reasonable time after the meetings.

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

The Board expects the members of the Audit Committee to exercise independent judgement and delegates the responsibilities of the corporate governance functions to the Audit Committee in order to comply with the requirement of the CG Code. Under the terms of reference of the Audit Committee, the corporate governance functions of the Board has been delegated to the Audit Committee to monitor, procure and manage corporate compliance within the Group.

Major responsibilities and functions of the Audit Committee are:

- consider the appointment, re-appointment and removal of the external auditor
- approve the remuneration and terms of engagement of the external auditor
- monitor the external auditor's independence and objectivity
- review and supervise the Group's financial controls, internal control and risk management systems
- review and monitor the interim and annual financial statements before submission to the Board
- develop and review the Company's policy and practices on corporate governance and make recommendations to the Board
- review and monitor the training and continuous professional development of Directors and senior management
- review and monitor the Company's policies and practices on compliance with legal and regulatory requirements
- develop, review and monitor the code of conduct applicable to employees and Directors

- review the Company's compliance with the CG Code and disclosures in the Corporate Governance Report
- review arrangements for concerns about possible improprieties in financial reporting, internal control or other matters

Works performed during the year under review included:

- 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 2012 and the interim financial statements for the six months ended 31 December 2012
- reviewed the work performed by Internal Audit Department and the Group's internal control system
- reviewed the Company's policies and practices on corporate governance
- reviewed and approved the revise code of conduct
- reviewed and endorsed the Whistleblowing Policy and the formal Risk Management Policy

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

Remuneration Committee

The Remuneration Committee comprises two Independent Non-Executive Directors namely, Professor Chung Kwong POON (Chairman) and Mr. Yuk Keung IP and one Executive Director, Mr. Alan Chi Hung CHAN. The head of Group Human Resources Department of the Company serves as the secretary of the Remuneration Committee and minutes of the meetings are sent to the members of the Remuneration Committee within a reasonable time after the meetings.

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

Major responsibilities and functions of the Remuneration Committee are:

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

Works performed during the year under review included:

- reviewed and approved the remuneration of all Executive Directors for the year of 2013 and bonus payment for the year of 2012
- reviewed the level of Directors' fees and made recommendations on the Directors' fees for the year ended 30 June 2013

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

Attendance at Meetings

During the year under review, the attendance records of the Directors at Board Meetings, Audit Committee Meetings, Remuneration Committee Meetings and the 2012 Annual General Meeting are as follows:

	Number of meetings attended/held			
	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	2012 Annual General Meeting
Number of meetings held	4	2	2	1
Executive Directors				
Sir Gordon WU GBS, KCMG, FICE	4 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	2 out of 2	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	4 out of 4	N/A	N/A	1 out of 1
Independent Non-Executive Directors				
Mr. Philip Tsung Cheng FEI (ceased to be Independent Non-Executive Director and chairman and a member of the Audit Committee upon his retirement from the Board at the conclusion of the 2012 Annual General Meeting held on 18 October 2012)	1 out of 1	1 out of 1	N/A	0 out of 1
Mr. Kojiro NAKAHARA (resigned as Independent Non-Executive Director and a member of the Audit Committee on 30 June 2013)	4 out of 4	2 out of 2	N/A	1 out of 1
Professor Chung Kwong POON GBS, JP (appointed as a member of the Audit Committee on 30 June 2013)	3 out of 4	N/A	2 out of 2	1 out of 1
Mr. Yuk Keung IP (appointed as the chairman of the Audit Committee on 18 October 2012)	4 out of 4	2 out of 2	2 out of 2	1 out of 1
Mr. Brian David Man Bun LI JP	3 out of 4	2 out of 2	N/A	1 out of 1

In addition, the Chairman of the Board held a meeting with the Independent Non-Executive Directors without the presence of the Executive Directors in August 2013.

Induction Programme and Training for Board Members

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

During the year under review, Directors received regular updates and presentations on changes and developments to the Group's business and on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. Arrangements were made to have speakers delivering talks and presentations to Directors on relevant topics with emphasis on the roles, functions and duties of directors as well as corporate governance issues. The costs for such trainings are borne by the Company.

Briefings on the new statutory disclosure obligations on inside information and an overview of the Competition Ordinance were given in March 2013 to Directors and senior management by an external legal professional.

Directors' training is an ongoing process. All Directors are encouraged to attend relevant training courses to enrich their knowledge in discharging their duties as a director. Directors are requested to provide their records of training they received to the Company Secretary for record.

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

	Corporate Governance	Legal and Regulatory	Group's Businesses
Executive Directors			
Sir Gordon WU GBS, KCMG, FICE	✓	✓	✓
Mr. Eddie Ping Chang HO	✓	✓	✓
Mr. Thomas Jefferson WU	✓	✓	✓
Mr. Alan Chi Hung CHAN	✓	✓	✓
Mr. Cheng Hui JIA	✓	✓	✓
Mr. Alan Ming Fai TAM	✓	✓	✓
Independent Non-Executive Directors			
Mr. Philip Tsung Cheng FEI	✓	✓	✓
Mr. Kojiro NAKAHARA	✓	✓	✓
Professor Chung Kwong POON GBS, JP	✓	✓	✓
Mr. Yuk Keung IP	✓	✓	✓
Mr. Brian David Man Bun LI JP	✓	✓	✓

Company Secretary

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

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

During the year under review, Mr. LAW has attended relevant professional seminars to update his skills and knowledge. He has complied with the Listing Rules to take no less than 15 hours of relevant professional training during the financial year.

Accountability and Audit

Financial Reporting

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

From April 2012 onwards, all Directors have been provided, on a monthly basis, with the Group's updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under the relevant requirements of the Listing Rules.

External Auditor and their Remuneration

The Company's external auditor is DTT. The responsibilities of the auditor with respect to the financial reporting are set out in the Independent Auditor's Report on pages 89 and 90 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 statements, DTT was also engaged to perform a review on the interim financial information of the Company for the six months ended 31 December 2012.

Further, pursuant to Rule 14A.38 of the Listing Rules, the Board engaged DTT 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 2013, the fees payable by the Group to the external auditor in respect of audit and non-audit services provided by them were as follows:

	HK$'000
Audit services	1,602
Non-audit services:	
Interim review	383
Others	50
Total	**2,035**

Internal Controls

The Board is of the opinion that a sound internal control system will help achieve the Group's business objectives, safeguard the Group's assets, and contribute to the effectiveness and efficiency of operations, the reliability of financial reporting and the Group's compliance with applicable laws and regulations.

The Group's internal control procedures include a comprehensive budgeting, information reporting and performance monitoring system.

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. During the processes, management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks. These plans and budgets are then reviewed quarterly against actual performance for validity and adjustments. Various guidelines and procedures have been established for the approval and control of operating expenses, capital expenditures, project investments, unbudgeted items and acquisitions.

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

The Board acknowledges its responsibility for the Group's system of internal controls and for reviewing its effectiveness through the Audit Committee. Evaluation of the Group's internal control, including its effectiveness, proper functioning and compliance with internal policies and external regulations, is independently conducted by the Internal Audit Department on an on-going basis for principal operations. Audit findings and risk concerns are raised to operational management for rectification with significant items reported to the Audit Committee at least twice every year.

For the year under review, the Board has through the Audit Committee reviewed the effectiveness and proper functioning of the Group's internal control system. To further enhance control awareness, on top of the Whistleblowing Policy launched in August 2012, the Group has also adopted the Risk Management Policy, formally defining the broad accountabilities as well as approaches that the Group will undertake to identify and manage risk, in May 2013.

Business Ethics

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

Remuneration Policy

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

The fixed elements of the Executive Directors' remuneration are reviewed annually 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 2012 Annual General Meeting.

Inside Information Policy

The Board has adopted the Inside Information Policy in May 2013 which contains the guidelines to the Directors, officers and all employees of the Group to ensure that inside information can be promptly identified, assessed and disseminated to public in equal and timely manner in accordance with the applicable laws and regulations.

During the year under review, the Company organised a briefing for the Directors and senior management of the Company on the disclosure obligations under the new statutory regime of inside information.

Model Code for Securities Transactions

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

Communication with Shareholders

The Company recognises the importance of communications with the shareholders of the Company, both individual and institutional as well as potential investors. In February 2012, the Board adopted a Shareholders Communication Policy of the Company which aims to set out the provisions with the objective of ensuring that the shareholders of the Company and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable shareholders of the Company to exercise their rights in an informed manner, and to allow shareholders of the Company and potential investors to engage actively with the Company. The Shareholders Communication Policy of the Company is posted on the HHI Website.

Disclosure of information on HHI Website

The Company endeavours to disclose all material information about the Group to all interested parties as widely and as timely as possible. The Company maintains a corporate website at www.hopewellhighway.com where important and updated information about the Group's activities and corporate matters such as annual and interim reports, announcements, business development and operations, corporate governance practices and other information are available for review by shareholders and other stakeholders. When announcements are made through the Stock Exchange, the same information is made available on the HHI Website.

The Company discloses in a timely manner the traffic statistics and toll revenue of the GS Superhighway, Phase I West, Phase II West and Phase III West on monthly basis on the HHI Website.

Annual General Meeting

The Company's annual general meeting is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to communicate face to face with the Directors about the Company's performance and operations. It has been the practice for all the Directors (including the Chairman) and the chairmen of the Audit Committee and the Remuneration Committee together with and the external auditor of the Company to attend the annual general meetings to answer shareholders' questions. The 2012 Annual General Meeting was held at Auditorium, 3/F., Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on 18 October 2012. The 2013 Annual General Meeting has been scheduled to be held on 21 October 2013.

Voting by Poll

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

Investor Relations

The Company attaches great importance to effective communications with investors and shareholders as it allows them to gain a better understanding of the Company's businesses, latest developments and future plans.

In order to enhance communications with investors and analysts, the Company holds meetings and conference calls regularly to keep them abreast of its business progress and development strategies. In addition, the Company organises road shows and takes part in investor conferences in Hong Kong and overseas, with the aim of reaching out to investors worldwide and maintaining good relationship with the investment community.

The Company makes use of the corporate website at www.hopewellhighway.com to disseminate information. Through this website, investors and shareholders can access operating and financial information on the Company. In addition to annual and interim reports, company announcements, press releases and investor presentation slides, monthly traffic and toll revenue statistics of the Company's toll road projects are made available on the website in a timely manner.

Upholding high degree of transparency and gaining investor's recognition are important prerequisites for the long-term success of the Company's investor relations efforts. The Company will continue to devote efforts to enhancing transparency and promoting excellence in investor relations. Our investor relations team is ready to answer inquiries from investors and shareholders. Feedbacks and suggestions can be addressed to the Company at ir@hopewellhighway.com.

Shareholders' Rights

Set out below is a summary of certain rights of the shareholders of the Company as required to be disclosed pursuant to the mandatory disclosure requirements under Paragraph O of the CG Code.

Convening of extraordinary general meeting on requisition by shareholders

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

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

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

Procedures for directing shareholders' enquiries to the Board

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

Investor Relations Department
Hopewell Highway Infrastructure Limited
Room 63-02, 63rd Floor, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong
Email: ir@hopewellhighway.com
Tel No.: (852) 2528 4975
Fax No.: (852) 2529 8602

Company Secretarial Department, Corporate Communications Department and Investor Relations Department of the Company handle both telephone and written enquiries from shareholders of the Company from time to time.

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

Procedures for putting forward proposals at general meetings by shareholders

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2011 Revision). However, shareholders are requested to follow Article 68 of the Company's Articles of Association for including a resolution at an EGM. The requirements and procedures are set out above.

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

Report of the Directors

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 2013.

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 2013 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 91.

Dividends

The Directors recommend the payment of a final dividend of RMB9 cents (equivalent to HK11.3122 cents at the exchange rate of RMB1:HK$1.25691) per share (2012: HK16 cents per share) plus a special final dividend of RMB10 cents (equivalent to HK12.5691 cents at the exchange rate of RMB1:HK$1.25691) per share in respect of the year ended 30 June 2013.

Together with the interim dividend of RMB10 cents (equivalent to HK12.3394 cents) per share paid on 12 April 2013 (2012: HK18 cents per share), the total dividends for the year will be RMB29 cents (equivalent to HK36.2207 cents) per share (2012: HK34 cents per share).

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 19 to 36.

Share Capital

Movements in share capital of the Company during the year are set out in note 24 to the consolidated financial statements.

Reserves

Movements in reserves of the Group during the year are set out in the Consolidated Statement of Changes in Equity on page 95 and note 25 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 and their profiles as at the date of this report are set out on pages 13 to 18.

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

Mr. Philip Tsung Cheng FEI	(ceased to be an Independent Non-Executive Director, the chairman and a member of the Audit Committee upon his retirement from the Board at the conclusion of the 2012 Annual General Meeting held on 18 October 2012)
Mr. Yuk Keung IP	(appointed as the chairman of the Audit Committee on 18 October 2012)
Mr. Kojiro NAKAHARA	(resigned as an Independent Non-Executive Director and a member of the Audit Committee on 30 June 2013)
Professor Chung Kwong POON	(appointed as a member of the Audit Committee on 30 June 2013)

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. Sir Gordon WU, Mr. Eddie Ping Chang HO, Mr. Thomas Jefferson WU and Mr. Alan Chi Hung CHAN shall retire from office at the 2013 Annual General Meeting and, being eligible, offered themselves for re-election.

The businesses of the Group are respectively under the responsibility of the Executive Directors 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 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 2013, 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	1.50
Eddie Ping Chang HO	4,751,000	275,000	14,000	–	5,040,000	0.16
Thomas Jefferson WU	16,000,000	–	–	–	16,000,000	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

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

Directors	HHL Shares					
	Personal Interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests[i] (interests of controlled corporation)	Other interests	Total interests	% of issued share capital
Sir Gordon WU	75,083,240	25,420,000	111,250,000	30,680,000[ii]	242,433,240	27.81
Eddie Ping Chang HO	27,008,000	1,366,000	70,000	–	28,444,000	3.26
Thomas Jefferson WU	27,600,000	–	–	–	27,600,000	3.17
Alan Chi Hung CHAN	585,000	–	–	–	585,000	0.07
Cheng Hui JIA	241,000	–	–	–	241,000	0.03

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 interests 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 2013, 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 expired 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.

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 notify 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.

Upon the expiry of the Option Scheme on 15 July 2013, no further options may be granted but the provisions of the Option Scheme shall in all other respects remain in full force and effect and options which are granted during the life of the Option Scheme may continue to be exercisable in accordance with their respective terms of issue.

(C) Details of the movement of share options under the Option Scheme during the year ended 30 June 2013 were as follows:

	Date of grant	Exercise price per share (HK$)	Number of share options: Outstanding at 01/07/2012	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 30/06/2013	Exercise period	Closing price before date of grant falling within the year (HK$)
Employees	17/10/2006	5.858	4,080,000	–	–	–	4,080,000	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			4,840,000	–	–	–	4,840,000		

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 to employees who are also Directors) of the Group and to give incentive in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Under the Award Scheme, the Board (or where the relevant selected employee is a Director, the Remuneration Committee) may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit select an employee for participation in the 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 2013 and accordingly no dividend income was received in respect of shares hold upon the trust for the Award Scheme (2012: 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 2013 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 Executive Directors are determined by the Board based on the recommendation of the Remuneration Committee with reference to the prevailing market practice, the Company's remuneration policy, the Directors' duties and responsibilities within the Group and contribution to the Group.

Retirement and Pension Plan

To comply with the statutory requirements of the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of Laws of Hong Kong), the Group has set up the MPF Schemes. Mandatory contributions to these schemes are made by both the employers and employees at 5% of the employees' monthly relevant income capped at HK$25,000. 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 total contributions made by the Group to the MPF Scheme and the PRC retirement benefit schemes for the year are RMB459,000 (approximately HK$569,000) (2012: RMB490,000 (approximately HK$599,000)).

Service Contracts of Directors

No Directors proposed for re-election at the 2013 Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation). All the Independent Non-Executive Directors are appointed for a fixed period but subject to retirement from office and re-election at the annual general meetings of the Company in accordance with the Company's Articles of Association.

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 2013, 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	2,098,850,098[i]	68.11
Delta Roads Limited	Interests of controlled corporation	2,098,850,098[i]	68.11
Dover Hills Investments Limited	Interests of controlled corporation	2,098,850,098[i]	68.11
Supreme Choice Investments Limited	Interests of controlled corporation	2,098,850,098[i]	68.11
Hopewell Holdings Limited	Interests of controlled corporation	2,098,850,098[i]	68.11

Note:

(i) The 2,098,850,098 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 2,098,850,098 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.

The above interests in the shares of the Company held by the substantial shareholders were long positions.

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 2013.

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2013.

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 2013 under the Phase III Management Agreement was RMB5,045,000.

The Independent Non-executive Directors have reviewed and confirmed that the Phase III Material Logistics Services provided by Nan Yue for the financial year ended 30 June 2013 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 42 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.

Continuing disclosure under Rule 13.21 of the Listing Rules

As disclosed in the announcement made by the Company on 10 May 2012, pursuant to a facilities agreement dated 10 May 2012 (the "Facilities Agreement") entered into between the Company and Bank of China (Hong Kong) Limited (the "Bank"), a term loan facility in an aggregate amount of RMB1,000 million and a revolving credit facility in an aggregate amount of RMB600 million (together, the "Facilities") were made available by the Bank to the Company for tenor of 3 years from 10 May 2012.

Pursuant to the Facilities Agreement, it will be an event of default if the Company ceases at any time to be a subsidiary of HHL (the ultimate controlling shareholder of the Company) and in which event, among others, all amounts under the Facilities may be declared to be immediately due and payable.

Auditor

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the 2013 Annual General Meeting.

On behalf of the Board

Sir Gordon Ying Sheung WU GBS, KCMG, FICE
Chairman

Hong Kong, 20 August 2013

Deloitte.
德勤

TO THE MEMBERS OF HOPEWELL HIGHWAY INFRASTRUCTURE LIMITED
合和公路基建有限公司
(incorporated in the Cayman Islands with limited liability)

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 91 to 160, which are presented in RMB and comprise the consolidated and Company's statements of financial position as at 30 June 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the 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 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 2013, 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
20 August 2013

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2013

	NOTES	2012 RMB'000	**2013** **RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013** **HK$'000**
Toll revenue		1,948,671	**1,803,100**	2,385,666	**2,244,122**
Revenue on construction		1,239,614	**683,120**	1,512,139	**861,893**
Turnover	5	3,188,285	**2,486,220**	3,897,805	**3,106,015**
Other income and other expense	6	202,105	**201,029**	246,975	**250,679**
Construction costs		(1,239,614)	**(683,120)**	(1,512,139)	**(861,893)**
Provision for resurfacing charges		(21,343)	**(22,651)**	(26,129)	**(28,188)**
Toll expressway operation expenses		(188,994)	**(215,721)**	(231,375)	**(268,440)**
Depreciation and amortisation charges		(396,989)	**(453,741)**	(485,979)	**(565,023)**
General and administrative expenses		(100,128)	**(102,381)**	(122,811)	**(127,253)**
Finance costs	7	(223,269)	**(299,471)**	(273,265)	**(373,276)**
Profit before tax		1,220,053	**910,164**	1,493,082	**1,132,621**
Income tax expenses	8	(369,045)	**(297,892)**	(451,737)	**(370,838)**
Profit for the year	9	851,008	**612,272**	1,041,345	**761,783**
Other comprehensive income					
Item that will not be reclassified to profit or loss:					
Exchange gain arising on translation to presentation currency		–	**–**	113,043	**319,728**
Item that may be subsequently reclassified to profit or loss:					
Exchange gain arising on translation of foreign operations		1,123	**3,608**	–	**–**
Total comprehensive income for the year		852,131	**615,880**	1,154,388	**1,081,511**
Profit for the year attributable to:					
Owners of the Company		836,198	**600,744**	1,023,218	**747,430**
Non-controlling interests		14,810	**11,528**	18,127	**14,353**
		851,008	**612,272**	1,041,345	**761,783**
Total comprehensive income attributable to:					
Owners of the Company		837,321	**604,352**	1,136,261	**1,064,969**
Non-controlling interests		14,810	**11,528**	18,127	**16,542**
		852,131	**615,880**	1,154,388	**1,081,511**
		RMB cents	**RMB cents**	HK cents	**HK cents**
Earnings per share	12				
Basic and diluted		28.23	**19.75**	34.55	**24.57**

Consolidated Statement of Financial Position

As at 30 June 2013

	NOTES	1 July 2011 RMB'000	30 June 2012 RMB'000	**30 June 2013 RMB'000**	1 July 2011 HK$'000	30 June 2012 HK$'000	**30 June 2013 HK$'000**
					(FOR INFORMATION PURPOSE ONLY)		
ASSETS							
Non-current Assets							
Property and equipment	14	270,571	310,987	**497,179**	325,767	379,404	**627,937**
Concession intangible assets	15	11,907,961	12,787,518	**13,060,456**	14,337,184	15,600,772	**16,495,355**
Balance with a jointly controlled entity	20	193,056	245,777	**260,944**	232,440	299,848	**329,572**
Loans to a jointly controlled entity (note i)	20	–	–	**500,000**	–	–	**631,500**
Investment	18	–	–	**4,785**	–	–	**6,044**
Bank deposits of the Group		490,000	–	**–**	589,960	–	**–**
		12,861,588	13,344,282	**14,323,364**	15,485,351	16,280,024	**18,090,408**
Current Assets							
Inventories		1,960	2,008	**1,853**	2,360	2,450	**2,341**
Deposits and prepayments		11,805	17,448	**6,654**	14,214	21,287	**8,405**
Interest and other receivables	23	85,493	95,831	**85,565**	102,934	116,913	**108,068**
Loans to a jointly controlled entity (note i)	20	252,797	16,664	**22,806**	304,367	20,330	**28,804**
Pledged bank balances and deposits of jointly controlled entities	22	244,880	282,077	**328,394**	294,836	344,134	**414,762**
Bank balances and cash	22						
— The Group		2,366,217	3,755,752	**1,480,436**	2,848,925	4,582,018	**1,869,790**
— Jointly controlled entities		56,947	110,245	**34,674**	68,564	134,499	**43,793**
		3,020,099	4,280,025	**1,960,382**	3,636,200	5,221,631	**2,475,963**
Total Assets		15,881,687	17,624,307	**16,283,746**	19,121,551	21,501,655	**20,566,371**
EQUITY AND LIABILITIES							
Capital and Reserves							
Share capital	24	260,941	260,941	**270,603**	296,169	296,169	**308,169**
Share premium and reserves		7,059,784	7,021,242	**7,300,132**	8,517,986	8,588,095	**9,253,670**
Equity attributable to owners of the Company		7,320,725	7,282,183	**7,570,735**	8,814,155	8,884,264	**9,561,839**
Non-controlling interests		50,154	55,335	**49,860**	60,386	67,508	**62,973**
Total Equity		7,370,879	7,337,518	**7,620,595**	8,874,541	8,951,772	**9,624,812**
Non-current Liabilities							
Bank loan of the Group	26	–	1,000,000	**500,000**	–	1,220,000	**631,500**
Bank and other loans of jointly controlled entities	26	4,890,400	5,416,871	**5,597,060**	5,888,041	6,608,583	**7,069,087**
Balance with a joint venture partner	27	193,007	245,728	**260,895**	232,381	299,788	**329,510**
Balance with a jointly controlled entity (note ii)	33	–	14,620	**–**	–	17,836	**–**
Corporate bonds	28	1,980,000	600,000	**–**	2,383,920	732,000	**–**
Resurfacing obligations	29	43,620	57,360	**80,011**	52,518	69,979	**101,053**
Deferred tax liabilities	30	317,303	327,762	**325,723**	382,033	399,870	**411,388**
Other non-current liabilities	31	–	–	**51,488**	–	–	**65,029**
		7,424,330	7,662,341	**6,815,177**	8,938,893	9,348,056	**8,607,567**
Current Liabilities							
Provision, other payables, accruals and deposits received	32	690,606	760,305	**707,387**	831,489	927,572	**893,431**
Balance with a joint venture partner	27	–	10,000	**106,595**	–	12,200	**134,629**
Balance with a jointly controlled entity (note ii)	33	13,641	239	**–**	16,423	292	**–**
Bank loans	26						
— The Group		20,515	58,033	**101,821**	24,700	70,800	**128,600**
— Jointly controlled entities		242,604	307,226	**252,053**	292,095	374,816	**318,342**
Corporate bonds	28	–	1,380,000	**600,000**	–	1,683,600	**757,800**
Other interest payable		25,208	27,997	**8,690**	30,350	34,157	**10,976**
Tax liabilities		93,904	80,648	**71,428**	113,060	98,390	**90,214**
		1,086,478	2,624,448	**1,847,974**	1,308,117	3,201,827	**2,333,992**
Total Liabilities		8,510,808	10,286,789	**8,663,151**	10,247,010	12,549,883	**10,941,559**
Total Equity and Liabilities		15,881,687	17,624,307	**16,283,746**	19,121,551	21,501,655	**20,566,371**

	1 July 2011 RMB'000	30 June 2012 RMB'000	**30 June 2013 RMB'000**	1 July 2011 HK$'000	30 June 2012 HK$'000	**30 June 2013 HK$'000**
				(FOR INFORMATION PURPOSE ONLY)		
Cash and Cash Equivalents represented by:						
Pledged bank balances and deposits of jointly controlled entities	220,880	258,077	**304,394**	265,940	314,854	**384,450**
Bank balances and cash						
— The Group	2,132,896	3,265,752	**1,480,436**	2,568,007	3,984,218	**1,869,790**
— Jointly controlled entities	56,947	110,245	**34,674**	68,564	134,499	**43,793**
	2,410,723	3,634,074	**1,819,504**	2,902,511	4,433,571	**2,298,033**

Notes:

(i) Reconciliation of loans to a jointly controlled entity

	1 July 2011 RMB'000	30 June 2012 RMB'000	**30 June 2013 RMB'000**	1 July 2011 HK$'000	30 June 2012 HK$'000	**30 June 2013 HK$'000**
				(FOR INFORMATION PURPOSE ONLY)		
Principal amount of loans from the Group to a jointly controlled entity	500,000	30,000	**1,030,000**	602,000	36,600	**1,300,890**
Interest receivable for loans from the Group to a jointly controlled entity	5,594	3,328	**15,612**	6,734	4,060	**19,718**
Less: Elimination of the Group's proportionate share of the corresponding amounts of the jointly controlled entity	(252,797)	(16,664)	**(522,806)**	(304,367)	(20,330)	**(660,304)**
	252,797	16,664	**522,806**	304,367	20,330	**660,304**
Analysed for reporting purpose:						
Non-current assets	–	–	**500,000**	–	–	**631,500**
Current assets	252,797	16,664	**22,806**	304,367	20,330	**28,804**
	252,797	16,664	**522,806**	304,367	20,330	**660,304**

(ii) Reconciliation of balance with a jointly controlled entity

	1 July 2011 RMB'000	30 June 2012 RMB'000	**30 June 2013 RMB'000**	1 July 2011 HK$'000	30 June 2012 HK$'000	**30 June 2013 HK$'000**
				(FOR INFORMATION PURPOSE ONLY)		
Loans from a jointly controlled entity to another jointly controlled entity	340,500	365,500	**–**	409,950	445,910	**–**
Interest payable for loans from a jointly controlled entity to another jointly controlled entity	1,054	5,983	**–**	1,268	7,299	**–**
Less: Elimination of the Group's proportionate share of the corresponding amounts of the jointly controlled entities	(327,913)	(356,624)	**–**	(394,795)	(435,081)	**–**
	13,641	14,859	**–**	16,423	18,128	**–**
Analysed for reporting purpose:						
Non-current liabilities	–	14,620	**–**	–	17,836	**–**
Current liabilities	13,641	239	**–**	16,423	292	**–**
	13,641	14,859	**–**	16,423	18,128	**–**

Loans from a jointly controlled entity to another jointly controlled entity represented 50% proportionately shared by the Group in respect of the loans made by 廣深珠高速公路有限公司 Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited ("GS Superhighway JV") 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 amounts of RMB731,000,000 as at 30 June 2012. The amounts have been fully repaid in December 2012.

Thomas Jefferson WU
Managing Director

Alan Chi Hung CHAN
Deputy Managing Director

Company's Statement of Financial Position

As at 30 June 2013

	NOTES	1 July 2011 RMB'000	30 June 2012 RMB'000	**30 June 2013 RMB'000**	1 July 2011 HK$'000	30 June 2012 HK$'000	**30 June 2013 HK$'000**
					(FOR INFORMATION PURPOSE ONLY)		
ASSETS							
Non-current Assets							
Investments in subsidiaries	16	2,125,439	2,298,461	**2,377,473**	2,559,028	2,804,123	**3,002,748**
Amount due from a subsidiary	19	967,582	1,223,697	**2,133,746**	1,164,969	1,492,910	**2,694,921**
		3,093,021	3,522,158	**4,511,219**	3,723,997	4,297,033	**5,697,669**
Current Assets							
Deposits and prepayments		6,169	9,685	**3,706**	7,427	11,816	**4,680**
Other receivables		12	2,324	**567**	14	2,836	**716**
Amounts due from subsidiaries	21	4,106,063	3,207,165	**2,111,197**	4,943,700	3,912,741	**2,666,442**
Bank balances and cash	22	51,299	1,403,984	**16,372**	61,764	1,712,860	**20,678**
		4,163,543	4,623,158	**2,131,842**	5,012,905	5,640,253	**2,692,516**
Total Assets		7,256,564	8,145,316	**6,643,061**	8,736,902	9,937,286	**8,390,185**
EQUITY AND LIABILITIES							
Capital and Reserves							
Share capital	24	260,941	260,941	**270,603**	296,169	296,169	**308,169**
Share premium and reserves	25	4,989,712	4,865,121	**5,211,508**	6,025,617	5,957,627	**6,615,737**
		5,250,653	5,126,062	**5,482,111**	6,321,786	6,253,796	**6,923,906**
Non-current Liabilities							
Bank loan	26	–	1,000,000	**500,000**	–	1,220,000	**631,500**
Corporate bonds	28	1,980,000	600,000	**–**	2,383,920	732,000	**–**
		1,980,000	1,600,000	**500,000**	2,383,920	1,952,000	**631,500**
Current Liabilities							
Other payables and accruals	32	5,270	7,969	**4,913**	6,345	9,722	**6,204**
Other interest payable		20,163	20,755	**1,431**	24,276	25,322	**1,807**
Corporate bonds	28	–	1,380,000	**600,000**	–	1,683,600	**757,800**
Amounts due to subsidiaries	21	478	10,530	**54,606**	575	12,846	**68,968**
		25,911	1,419,254	**660,950**	31,196	1,731,490	**834,779**
Total Liabilities		2,005,911	3,019,254	**1,160,950**	2,415,116	3,683,490	**1,466,279**
Total Equity and Liabilities		7,256,564	8,145,316	**6,643,061**	8,736,902	9,937,286	**8,390,185**

Thomas Jefferson WU
Managing Director

Alan Chi Hung CHAN
Deputy Managing Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	People's Republic of China ("PRC") statutory reserves RMB'000	Translation reserve RMB'000	Share option reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at 1 July 2011	260,941	5,309,971	114,710	(952,590)	4,227	2,583,466	7,320,725	50,154	7,370,879
Exchange gain on translation of foreign operations	–	–	–	1,123	–	–	1,123	–	1,123
Profit for the year	–	–	–	–	–	836,198	836,198	14,810	851,008
Total comprehensive income for the year	–	–	–	1,123	–	836,198	837,321	14,810	852,131
Recognition of equity-settled share-based payments	–	–	–	–	46	–	46	–	46
Forfeiture of vested share options	–	–	–	–	(223)	223	–	–	–
Dividends recognised as distribution during the year (note 11)	–	–	–	–	–	(875,909)	(875,909)	–	(875,909)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(9,629)	(9,629)
As at 30 June 2012	**260,941**	**5,309,971**	**114,710**	**(951,467)**	**4,050**	**2,543,978**	**7,282,183**	**55,335**	**7,337,518**
Exchange gain on translation of foreign operations	**–**	**–**	**–**	**3,608**	**–**	**–**	**3,608**	**–**	**3,608**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**600,744**	**600,744**	**11,528**	**612,272**
Total comprehensive income for the year	**–**	**–**	**–**	**3,608**	**–**	**600,744**	**604,352**	**11,528**	**615,880**
Shares issued	**9,662**	**376,738**	**–**	**–**	**–**	**–**	**386,400**	**–**	**386,400**
Transaction costs related to issue of shares	**–**	**(10,604)**	**–**	**–**	**–**	**–**	**(10,604)**	**–**	**(10,604)**
Dividends recognised as distribution during the year (note 11)	**–**	**–**	**–**	**–**	**–**	**(691,596)**	**(691,596)**	**–**	**(691,596)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(17,003)**	**(17,003)**
As at 30 June 2013	**270,603**	**5,676,105**	**114,710**	**(947,859)**	**4,050**	**2,453,126**	**7,570,735**	**49,860**	**7,620,595**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

(FOR INFORMATION PURPOSE ONLY)

	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 2011	296,169	4,942,924	110,708	711,621	4,798	2,747,935	8,814,155	60,386	8,874,541
Exchange gain on translation to presentation currency	–	–	–	113,043	–	–	113,043	–	113,043
Profit for the year	–	–	–	–	–	1,023,218	1,023,218	18,127	1,041,345
Total comprehensive income for the year	–	–	–	113,043	–	1,023,218	1,136,261	18,127	1,154,388
Recognition of equity-settled share-based payments	–	–	–	–	56	–	56	–	56
Forfeiture of vested share options	–	–	–	–	(272)	272	–	–	–
Dividends recognised as distribution during the year (note 11)	–	–	–	–	–	(1,066,208)	(1,066,208)	–	(1,066,208)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(11,005)	(11,005)
As at 30 June 2012	296,169	4,942,924	110,708	824,664	4,582	2,705,217	8,884,264	67,508	8,951,772
Exchange gain on translation to presentation currency	–	–	–	317,539	–	–	317,539	2,189	319,728
Profit for the year	–	–	–	–	–	747,430	747,430	14,353	761,783
Total comprehensive income for the year	–	–	–	317,539	–	747,430	1,064,969	16,542	1,081,511
Shares issued	12,000	467,909	–	–	–	–	479,909	–	479,909
Transaction costs related to issue of shares	–	(13,171)	–	–	–	–	(13,171)	–	(13,171)
Dividends recognised as distribution during the year (note 11)	–	–	–	–	–	(854,132)	(854,132)	–	(854,132)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(21,077)	(21,077)
As at 30 June 2013	308,169	5,397,662	110,708	1,142,203	4,582	2,598,515	9,561,839	62,973	9,624,812

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

	NOTE	2012 RMB'000	**2013 RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013 HK$'000**
OPERATING ACTIVITIES					
Profit before tax		1,220,053	**910,164**	1,493,082	**1,132,621**
Adjustments for:					
Revenue on construction	38	(1,239,614)	**(683,120)**	(1,512,139)	**(861,893)**
Construction costs		1,239,614	**683,120**	1,512,139	**861,893**
Interest income		(124,481)	**(124,195)**	(152,116)	**(154,386)**
Interest expense		219,543	**293,355**	268,706	**365,627**
Net exchange gain		(54,425)	**(48,074)**	(65,777)	**(60,469)**
Provision for resurfacing charges		21,343	**22,651**	26,129	**28,188**
Depreciation and amortisation charges		396,989	**453,741**	485,979	**565,023**
Share-based payment expense		46	**–**	56	**–**
Impairment losses (reversed) recognised on other receivables		(1,055)	**248**	(1,287)	**313**
Loss on disposals of property and equipment		289	**–**	356	**–**
Operating cash flows before movements in working capital		1,678,302	**1,507,890**	2,055,128	**1,876,917**
(Increase) decrease in inventories		(48)	**155**	(59)	**195**
(Increase) decrease in deposits and prepayments		(5,643)	**9,794**	(6,884)	**12,388**
(Increase) decrease in interest and other receivables		(9,283)	**10,018**	(11,324)	**12,653**
Increase in provision, other payables, accruals and deposits received		19,577	**4,731**	23,674	**6,181**
Cash generated from operations		1,682,905	**1,532,588**	2,060,535	**1,908,334**
Income taxes paid		(363,642)	**(299,570)**	(444,343)	**(371,875)**
NET CASH FROM OPERATING ACTIVITIES		1,319,263	**1,233,018**	1,616,192	**1,536,459**
INVESTING ACTIVITIES					
Purchases of property and equipment		(77,920)	**(237,509)**	(95,037)	**(299,960)**
Construction costs paid		(1,121,865)	**(603,260)**	(1,368,486)	**(762,335)**
Proceeds on disposals of property and equipment		167	**1,975**	255	**2,494**
Receipt of government grants		–	**45,811**	–	**57,012**
Advance to a jointly controlled entity (note i)		(15,000)	**(500,000)**	(18,300)	**(622,720)**
Repayment from a jointly controlled entity		250,000	**–**	305,000	**–**
Placement of bank deposits		(170,000)	**(400,000)**	(208,340)	**(498,000)**
Withdrawal of bank deposits		403,321	**890,000**	490,037	**1,116,260**
Advance of registered capital contributions (note ii)		(242,000)	**–**	(295,240)	**–**
Acquisition of investment		–	**(3,785)**	–	**(4,709)**
Interest received		114,061	**96,742**	139,366	**120,261**
Income tax paid for interest received		(8,225)	**(9,581)**	(10,041)	**(12,049)**
NET CASH USED IN INVESTING ACTIVITIES		(867,461)	**(719,607)**	(1,060,786)	**(903,746)**

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

	2012 RMB'000	**2013 RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013 HK$'000**
FINANCING ACTIVITIES				
New bank and other loans raised	1,922,544	**544,305**	2,341,659	**685,609**
Repayment of bank and other loans	(238,441)	**(825,655)**	(291,852)	**(1,044,421)**
Advance from a jointly controlled entity to another jointly controlled entity (note iii)	14,620	**–**	17,836	**–**
Repayment from a jointly controlled entity to another jointly controlled entity (note iv)	(13,620)	**(14,620)**	(16,616)	**(18,202)**
Advance from a joint venture partner	10,000	**49,514**	12,200	**61,756**
Repayment of loan advanced by a joint venture partner	–	**(10,000)**	–	**(12,450)**
Proceeds from issue of shares	–	**386,400**	–	**479,909**
Transaction costs related to issue of shares	–	**(10,604)**	–	**(13,171)**
Repayment of corporate bonds	–	**(1,380,000)**	–	**(1,683,600)**
Registered capital contribution made from a joint venture partner	242,000	**–**	295,240	**–**
Interest paid	(279,143)	**(358,689)**	(341,537)	**(446,529)**
Dividends paid to:				
— owners of the Company	(875,909)	**(691,596)**	(1,066,208)	**(854,132)**
— non-controlling interests of a subsidiary	(9,629)	**(17,003)**	(11,005)	**(21,077)**
NET CASH FROM (USED IN) FINANCING ACTIVITIES	772,422	**(2,327,948)**	939,717	**(2,866,308)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,224,224	**(1,814,537)**	1,495,123	**(2,233,595)**
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	2,410,723	**3,634,074**	2,902,511	**4,433,571**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(873)	**(33)**	35,937	**98,057**
CASH AND CASH EQUIVALENTS CARRIED FORWARD	3,634,074	**1,819,504**	4,433,571	**2,298,033**

Notes:

(i) The advance to a jointly controlled entity amounting to RMB500,000,000 (approximately HK$622,720,000) (2012: RMB15,000,000 (approximately HK$18,300,000)) represented the loans made by the Group to West Route JV with the principal amounts of RMB1,000,000,000 (2012: RMB30,000,000) during the year ended 30 June 2013, after elimination of the Group's proportionate share of the corresponding amounts of West Route JV.

(ii) The advance of registered capital contributions amounting to RMB242,000,000 (approximately HK$295,240,000) represented the registered capital contributions made by the Group to West Route JV with the principal amount of RMB484,000,000 during the year ended 30 June 2012, after elimination of the Group's proportionate share of the corresponding amounts of West Route JV.

(iii) The advance from a jointly controlled entity to another jointly controlled entity amounting to RMB14,620,000 (approximately HK$17,836,000) represented the loan made by GS Superhighway JV to West Route JV with the principal amount of RMB731,000,000 during the year ended 30 June 2012, after elimination of the Group's proportionate share of the corresponding amounts of both jointly controlled entities.

(iv) The repayment from a jointly controlled entity to another jointly controlled entity amounting to RMB14,620,000 (approximately HK$18,202,000) (2012: RMB13,620,000 (approximately HK$16,616,000)) represented the repayment of loans from West Route JV to GS Superhighway JV with the principal amounts of RMB731,000,000 (2012: RMB681,000,000) during the year ended 30 June 2013, 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 37 and 17 respectively.

The Company's functional currency is Renminbi ("RMB"). The presentation currency of the consolidated financial statements in prior financial years was Hong Kong dollars ("HKD"). Starting from 1 July 2012, the Group has changed its presentation currency for the preparation of its consolidated financial statements from HKD to RMB as a result of that the Group has been receiving RMB dividends directly from both of the GS Superhighway JV and the West Route JV. Moreover, the Company raised funding in recent years were mostly in RMB and placed 120 million RMB-traded shares of the Company on the RMB counter of the Stock Exchange on 29 October 2012. Accordingly, the Directors of the Company consider that it is more appropriate to use RMB as the presentation currency in presenting the operating results and financial positions of the Group and the comparative information has been represented to conform with the current year's presentation in RMB. The presentation of HKD amounts in these consolidated financial statements is for information purpose only.

For the purpose of presenting the consolidated financial statements of the Group in HKD, the assets and liabilities for the consolidated statement of financial position are translated into HKD at the closing rate at the date of the consolidated statement of financial position. Income and expenses for the consolidated statement of profit or loss and other comprehensive income are translated at the average exchange rates for the month of the transactions, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. The share capital, and the share premium and reserves are translated at the exchange rate at the date when the amount was determined (i.e. the rate at the date of transaction for an item measured in terms of the historical cost). The non-controlling interests for the consolidated statement of financial position are translated into HKD at the closing rate at the date of the consolidated statement of financial position.

2. Adoption of New and Revised International Financial Reporting Standards

In the current year, the Group has applied the following amendments to International Financial Reporting Standard ("IFRS") issued by the International Accounting Standards Board.

IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
IAS 1 (Amendments)	Presentation of Financial Statements (as part of the Annual Improvements to IFRSs 2009–2011 Cycle issued in 2012)

IAS 1 (Amendments) Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the statement of comprehensive income has been renamed and the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

IAS 1 (Amendments) Presentation of Financial Statements (as part of the Annual Improvements to IFRS 2009–2011 Cycle issued in 2012)

In current year, the Group has applied for the first time the amendments to IAS 1 in advance of the effective date (annual periods beginning on or after 1 January 2013).

The amendments to IAS 1 clarify that an entity is required to present a statement of financial position as at the beginning of the preceding period (third statement of financial position) only when the retrospective application of an accounting policy, restatement or reclassification has a material effect on the information in the third statement of financial position and that the related notes are not required to accompany the third statement of financial position.

In the current year, the Group has changed its presentation currency and made a retrospective restatement to the consolidated financial statements. Accordingly, the Group has presented the consolidated statement of financial position as at 1 July 2011 without related notes.

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:

IFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities[1]
IFRS 9 and IFRS 7 (Amendments)	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
IFRS 10, IFRS 11 and IFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
IFRS 10, IFRS 12 and IAS 27 (Amendments)	Investment Entities[2]
IFRS 9	Financial Instruments[3]
IFRS 10	Consolidated Financial Statements[1]
IFRS 11	Joint Arrangements[1]
IFRS 12	Disclosure of Interests in Other Entities[1]
IFRS 13	Fair Value Measurement[1]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[1]
IFRIC 21	Levies[2]
IAS 19 (Revised 2011)	Employee Benefits[1]
IAS 27 (Revised 2011)	Separate Financial Statements[1]
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[1]
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[2]
IAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets[2]
IAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[2]

[1] Effective for annual periods beginning on or after 1 January 2013
[2] Effective for annual periods beginning on or after 1 January 2014
[3] Effective for annual periods beginning on or after 1 January 2015

2. Adoption of New and Revised International Financial Reporting Standards (continued)

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (Revised 2011) and IAS 28 (Revised 2011).

Key requirements of these five standards are described below.

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and SIC-Int 12 *Consolidation — Special Purpose Entities*. IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these five IFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time. The Directors of the Company anticipate that these five standards will be adopted in the consolidated financial statements for the annual period beginning 1 July 2013. 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.

Other than disclosed above, the Directors anticipate that the application of the other new and revised IFRSs will have no material impact on the results and the financial positions of the Group.

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.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other 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.

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.

Investments in subsidiaries

Subsidiaries are those 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 Company's statement of financial position, 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.

3. Significant Accounting Policies (continued)

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 recognises 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. Unrealised 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 unrealised 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 recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised 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 recognised as an expense immediately.

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 in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Construction in progress is stated at cost less any recognised impairment loss. Cost includes professional fee and, for qualifying assets, borrowing cost capitalised 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 recognised 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.

3. Significant Accounting Policies (continued)

Property and equipment (continued)

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised 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 recognises a concession intangible asset at fair value upon initial recognition. The concession intangible asset is carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation 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 amortisation 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 the management with reference to the traffic projection reports prepared by independent traffic consultants. The estimated useful lives, residual values and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

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 recognised 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 recognised at the time of usage and when the tolls are received and receivable.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Management fee is recognised when the related services are provided.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

3. Significant Accounting Policies (continued)

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 equipment to local contractors and leasing of space along the toll expressway for advertising and service areas (including oil stations), is recognised in profit or loss on a straight-line basis over the respective lease term.

The Group as lessee

Operating leases payment is recognised 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

For the purpose of presenting the consolidated financial statements of the Group in RMB, the assets and liabilities of the Group's foreign operation for the consolidated statement of financial position are translated into RMB at the closing rate at the date of the consolidated statement of financial position. Income and expenses for the consolidated statement of profit or loss and other comprehensive income are translated at the average exchange rates for the month of the transactions, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

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 capitalisation.

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

3. Significant Accounting Policies (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as a deferred income in the consolidated statement of financial position and transferred to relevant assets as a deduction when the cost is incurred.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. 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 before tax as reported in the consolidated statement of profit or loss and other 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 recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

3. Significant Accounting Policies (continued)

Taxation (continued)

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 realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Inventories

Inventories, representing materials, spare parts and other consumable stores, are stated at the lower of cost and net realisable 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 recognised in the consolidated statement 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 recognised 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 recognised 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 and available-for-sale financial assets.

Effective interest method

The effective interest method is a method of calculating the amortised 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.

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

Loans and receivables

Loans and receivables (including balance with and loans to a jointly controlled entity, interest and other receivables, amounts due from subsidiaries, 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 amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

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

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

Investment in equity securities that do not have a quoted market price in an active market and whose fair value cannot be measured reliably are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on 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 considered to be 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.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For financial assets carried at amortised cost, an impairment loss is recognised 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.

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

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 recognised 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.

For financial assets carried at amortised cost, 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 recognised, the previously recognised 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 amortised cost would have been had the impairment not been recognised.

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 amortised 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 recognised on an effective interest basis for debt instruments.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities

Financial liabilities (including other payables, accruals, deposits received, balances with a joint venture partner and a jointly controlled entity, amounts due to subsidiaries, bank and other loans, other interest payable and corporate bonds) are subsequently measured at amortised 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.

Derecognition

Financial assets are derecognised 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 recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised 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 recognised as resurfacing obligations, when the jointly controlled entities of the Group have 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 recognised in profit or loss.

Provision

Provision is recognised 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 and a reliable estimate can be made of the amount of the 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 of the time value of money is material).

3. Significant Accounting Policies (continued)

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).

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 recognised in profit or loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to share option reserve.

When the share options are exercised, the amount previously recognised 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 recognised in share option reserve 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 for which the estimates of future cash flows have not been adjusted.

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

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

Amortisation 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 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 amortisation of concession intangible assets amounting to RMB405,745,000 (approximately HK$505,053,000) (2012: RMB360,057,000 (approximately HK$441,484,000)). The management considers that this is calculated by reference to the best estimates of the total expected traffic volumes of the underlying toll expressways and they should not be materially different from the actual traffic volumes in the future. The current year amortisation charged to profit or loss is less than the amortisation estimated in the prior financial year based on the then expected traffic volumes for future financial years by approximately RMB48,419,000 (approximately HK$61,153,000) (2012: RMB23,361,000 (approximately HK$28,500,000)).

(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 recognised and measured as resurfacing obligations. Resurfacing obligations as at 30 June 2013 amounting to RMB80,011,000 (approximately HK$101,053,000) (2012: RMB57,360,000 (approximately HK$69,979,000)) 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 management, which were based on the resurfacing plans of the Group, historical costs incurred for similar activities and the latest quotations from the service provider.

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

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

4. Key Sources of Estimation Uncertainty (continued)

(c) Income taxes

As at 30 June 2013, a deferred tax asset of RMB28,490,000 (approximately HK$35,983,000) (2012: RMB16,644,000 (approximately HK$20,306,000)) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

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 PRC, net of business tax, and revenue on construction and is analysed as follows:

	2012 RMB'000	**2013 RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013 HK$'000 (FOR INFORMATION PURPOSE ONLY)**
Toll revenue before business tax	2,008,771	**1,858,873**	2,459,244	**2,313,536**
Business tax	(60,100)	**(55,773)**	(73,578)	**(69,414)**
	1,948,671	**1,803,100**	2,385,666	**2,244,122**
Revenue on construction	1,239,614	**683,120**	1,512,139	**861,893**
	3,188,285	**2,486,220**	3,897,805	**3,106,015**

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. On 25 January 2013, Phase III of the Western Delta Route ("Phase III West") commences to operate. Accordingly, 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")
— Phase III West

Information regarding the above segments is reported below.

5. Turnover and Segment Information (continued)

Segment revenue and results

	2012			2013		
	Segment revenue RMB'000	EBIT RMB'000	Segment result RMB'000	**Segment revenue RMB'000**	**EBIT RMB'000**	**Segment result RMB'000**
GS Superhighway	1,688,962	1,183,360	811,421	**1,470,113**	**912,240**	**615,823**
Phase I West	77,202	50,801	34,288	**80,180**	**51,180**	**34,027**
Phase II West	182,507	99,141	(37,020)	**230,665**	**125,616**	**(19,852)**
Phase III West	–	–	–	**22,142**	**2,762**	**(49,155)**
Total	1,948,671	1,333,302	808,689	**1,803,100**	**1,091,798**	**580,843**
Corporate interest income from bank deposits			86,733			**71,319**
Corporate interest income from loans made by the Group to a jointly controlled entity			23,630			**35,048**
Other income			1,242			**1,312**
Corporate general and administrative expenses			(47,892)			**(43,255)**
Corporate finance costs			(54,592)			**(60,523)**
Corporate income tax expenses			(9,034)			**(8,828)**
Net exchange gain, net of related income tax expenses			42,232			**36,356**
Profit for the year			851,008			**612,272**

5. Turnover and Segment Information (continued)

Segment revenue and results (continued)

(FOR INFORMATION PURPOSE ONLY)

	2012			2013		
	Segment revenue HK$'000	EBIT HK$'000	Segment result HK$'000	**Segment revenue HK$'000**	**EBIT HK$'000**	**Segment result HK$'000**
GS Superhighway	2,067,701	1,448,606	993,309	**1,829,348**	**1,134,983**	**766,170**
Phase I West	94,522	62,191	41,989	**99,793**	**63,675**	**42,336**
Phase II West	223,443	121,399	(45,288)	**287,137**	**156,392**	**(24,720)**
Phase III West	–	–	–	**27,844**	**3,501**	**(61,732)**
Total	2,385,666	1,632,196	990,010	**2,244,122**	**1,358,551**	**722,054**
Corporate interest income from bank deposits			106,042			**88,340**
Corporate interest income from loans made by the Group to a jointly controlled entity			28,786			**43,846**
Other income			1,566			**1,624**
Corporate general and administrative expenses			(58,080)			**(53,691)**
Corporate finance costs			(66,761)			**(75,129)**
Corporate income tax expenses			(11,046)			**(10,989)**
Net exchange gain, net of related income tax expenses			50,828			**45,728**
Profit for the year			1,041,345			**761,783**

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 loans 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 expenses and net exchange gain, net of related income tax expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

5. Turnover and Segment Information (continued)

Reconciliation from segment revenue to turnover

	2012 RMB'000	**2013 RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013 HK$'000** (FOR INFORMATION PURPOSE ONLY)
Segment revenue — net toll revenue	1,948,671	**1,803,100**	2,385,666	**2,244,122**
Revenue on construction	1,239,614	**683,120**	1,512,139	**861,893**
Turnover	3,188,285	**2,486,220**	3,897,805	**3,106,015**

Other segment information

2012

	GS Superhighway RMB'000	Phase I West RMB'000	Phase II West RMB'000	Phase III West RMB'000	Segment total RMB'000	Reallocation RMB'000 (Note i)	Elimination RMB'000 (Note ii)	Unallocated RMB'000	Consolidated total RMB'000
Amounts included in the measure of segment profit or loss:									
Depreciation and amortisation	332,655	10,987	52,524	–	396,166	–	–	823	396,989
Interest income	(21,877)	(162)	(197)	–	(22,236)	(11,553)	19,671	(110,363)	(124,481)
Interest expenses	22,311	18,323	136,161	–	176,795	11,553	(19,671)	54,592	223,269
Income tax expenses	349,628	(1,810)	–	–	347,818	–	–	21,227	369,045

2013

	GS Superhighway RMB'000	Phase I West RMB'000	Phase II West RMB'000	Phase III West RMB'000	Segment total RMB'000	Reallocation RMB'000 (Note i)	Elimination RMB'000 (Note ii)	Unallocated RMB'000	Consolidated total RMB'000
Amounts included in the measure of segment profit or loss:									
Depreciation and amortisation	359,707	12,971	67,059	13,457	453,194	–	–	547	453,741
Interest income	(11,493)	(166)	(389)	(441)	(12,489)	(15,167)	9,828	(106,367)	(124,195)
Interest expenses	19,071	17,153	145,468	51,917	233,609	15,167	(9,828)	60,523	299,471
Income tax expenses	277,346	–	–	–	277,346	–	–	20,546	297,892

5. Turnover and Segment Information (continued)

Other segment information (continued)

(FOR INFORMATION PURPOSE ONLY)

2012

	GS Superhighway HK$'000	Phase I West HK$'000	Phase II West HK$'000	Phase III West HK$'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 amortisation	407,264	13,450	64,259	–	484,973	–	–	1,006	485,979
Interest income	(26,789)	(199)	(241)	–	(27,229)	(14,143)	24,084	(134,828)	(152,116)
Interest expenses	27,324	22,434	166,687	–	216,445	14,143	(24,084)	66,761	273,265
Income tax expenses	427,973	(2,232)	–	–	425,741	–	–	25,996	451,737

2013

	GS Superhighway HK$'000	Phase I West HK$'000	Phase II West HK$'000	Phase III West HK$'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 amortisation	447,773	16,155	83,497	16,925	564,350	–	–	673	565,023
Interest income	(14,195)	(206)	(487)	(554)	(15,442)	(18,875)	12,117	(132,186)	(154,386)
Interest expenses	23,705	21,339	181,112	65,233	291,389	18,875	(12,117)	75,129	373,276
Income tax expenses	345,108	–	–	–	345,108	–	–	25,730	370,838

Notes:

(i) Included in the measure of segment profit or loss, interest income from loans made by the Group to a jointly controlled entity and imputed interest income on interest-free registered capital contributions and loans made to a jointly controlled entity are presented with imputed interest on interest-free registered capital contributions and loans 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 loans from GS Superhighway to Phase II West are presented on gross basis. Amounts are eliminated to reconcile from "Segment total" to "Consolidated total".

5. Turnover and Segment Information (continued)

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 excluding balance with a jointly control entity, loans to a jointly controlled entity and investment amounting to RMB13,557,635,000 (approximately HK$17,123,292,000) (2012: RMB13,098,505,000 (approximately HK$15,980,176,000)) are in the PRC.

Segment assets and liabilities

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

6. Other Income and Other Expense

	2012 RMB'000	**2013** **RMB'000**	2012 HK$'000	**2013** **HK$'000**
			(FOR INFORMATION PURPOSE ONLY)	
Interest income from:				
Bank deposits	89,298	**73,980**	109,187	**91,665**
Loans made by the Group to a jointly controlled entity	23,630	**35,048**	28,786	**43,846**
Imputed interest income on interest-free registered capital contributions made by the Group to a jointly controlled entity	11,553	**15,167**	14,143	**18,875**
Net exchange gain	54,425	**48,074**	65,777	**60,469**
Rental income	13,212	**16,257**	16,184	**20,290**
Management fee income from jointly controlled entities	1,242	**1,312**	1,566	**1,624**
Loss on disposals of property and equipment	(289)	**–**	(356)	**–**
Others	9,034	**11,191**	11,688	**13,910**
	202,105	**201,029**	246,975	**250,679**

7. Finance Costs

	2012 RMB'000	**2013 RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013 HK$'000**
Interest on:				
Bank loans	219,512	**315,684**	268,808	**393,316**
Corporate bonds	50,562	**10,652**	61,831	**13,190**
Loans made by the Group to a jointly controlled entity	11,815	**17,524**	14,393	**21,923**
Loans made by a jointly controlled entity to another jointly controlled entity	819	**410**	1,004	**505**
Loans made by a joint venture partner to a jointly controlled entity	–	**3,924**	–	**4,939**
Imputed interest on:				
Interest-free registered capital contributions made by a joint venture partner	11,553	**15,167**	14,142	**18,875**
Other interest-free loan	396	**423**	485	**526**
	294,657	**363,784**	360,663	**453,274**
Other financial expenses	3,726	**6,116**	4,559	**7,649**
	298,383	**369,900**	365,222	**460,923**
Less: Amounts included in toll expressway construction costs	(75,114)	**(70,429)**	(91,957)	**(87,647)**
	223,269	**299,471**	273,265	**373,276**

8. Income Tax Expenses

	2012 RMB'000	**2013 RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013 HK$'000**
The tax charge comprises:				
PRC Enterprise Income Tax ("EIT")				
The Group	50,225	**51,122**	61,387	**63,848**
Jointly controlled entities	310,171	**248,809**	379,847	**309,775**
Refund of EIT of a jointly controlled entity recognised in prior year	(1,810)	**–**	(2,232)	**–**
Deferred taxation (note 30)	10,459	**(2,039)**	12,735	**(2,785)**
	369,045	**297,892**	451,737	**370,838**

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

8. Income Tax Expenses (continued)

Included in the EIT charge of the Group is the withholding tax in relation to the dividends distributed from GS Superhighway JV amounting to RMB42,295,000 (approximately HK$52,859,000) (2012: RMB41,191,000 (approximately HK$50,341,000)).

The EIT charge of the jointly controlled entities for the year ended 30 June 2013 represents the Group's proportionate share of the provision for the EIT of GS Superhighway JV for the year ended 30 June 2013 amounting to approximately RMB248,809,000 (approximately HK$309,775,000), which is calculated at 25% for the year ended 30 June 2013 of the estimated taxable profit for the year. No provision for the EIT of West Route JV has been made as West Route JV has no assessable profit for the year ended 30 June 2013.

The EIT charge of the jointly controlled entities for the year ended 30 June 2012 represented the Group's proportionate share of the provision for the EIT of GS Superhighway JV for the year ended 30 June 2012 amounting to approximately RMB310,171,000 (approximately HK$379,847,000), which was calculated at 24% for the half year ended 31 December 2011 and 25% for the half year ended 30 June 2012 of the estimated taxable profit for the year. No provision for the EIT of West Route JV had been made as West Route JV has no assessable profit for the year ended 30 June 2012.

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 EIT 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 realised 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 and Phase III West commencing from the first receipt of toll revenue on 25 June 2010 and 25 January 2013 respectively, and 3-year concessionary rate of half of the regular tax rate. The applicable regular tax rate is 25%. For Phase I West, the applicable tax rates in years 2011, 2012 and 2013 are 24%, 25% and 25% respectively.

8. Income Tax Expenses (continued)

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

	2012 RMB'000	**2013 RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013 HK$'000 (FOR INFORMATION PURPOSE ONLY)**
Profit before tax	1,220,053	**910,164**	1,493,082	**1,132,621**
Tax at normal PRC income tax rate of 25% (2012: 25%)	305,013	**227,541**	373,271	**283,155**
Effect of different tax rates on income tax expenses	(24,275)	**(16,121)**	(29,690)	**(20,151)**
Tax effect of income not taxable for tax purposes	(307,927)	**(177,036)**	(375,849)	**(223,248)**
Tax effect of expenses not deductible for tax purposes	350,486	**219,410**	428,030	**275,981**
Differential tax rate on temporary difference of PRC jointly controlled entities	(1,438)	**4,072**	(1,757)	**5,264**
Deferred tax on undistributed earnings of PRC jointly controlled entities (note 30)	6,209	**(3,209)**	7,775	**(4,194)**
Withholding tax on earnings distributed by PRC jointly controlled entities	41,191	**42,295**	50,341	**52,859**
Others	(214)	**940**	(384)	**1,172**
Income tax expenses	369,045	**297,892**	451,737	**370,838**

9. Profit for the Year

	2012 RMB'000	**2013 RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013 HK$'000 (FOR INFORMATION PURPOSE ONLY)**
Profit for the year has been arrived at after charging (crediting):				
Auditor's remuneration	1,310	**1,291**	1,602	**1,602**
Directors' remuneration (note 10)	19,280	**19,973**	23,609	**24,797**
Other staff costs	144,076	**162,726**	176,435	**202,525**
Total staff costs	163,356	**182,699**	200,044	**227,322**
Amortisation of concession intangible assets	360,057	**405,745**	441,484	**505,053**
Depreciation of property and equipment	37,048	**48,127**	44,636	**60,135**
Less: Amount included in toll expressway construction costs	(116)	**(131)**	(141)	**(165)**
	36,932	**47,996**	44,495	**59,970**
Impairment losses (reversed) recognised on other receivables	(1,055)	**248**	(1,287)	**313**

10. Directors' and Five Highest Paid Individuals' Emoluments

Directors' emoluments

The emoluments paid or payable to each of the 11 (2012: 12) Directors were as follows:

	2012					2013				
	Directors' fees RMB'000	Salaries and other benefits RMB'000	Bonus RMB'000	Contributions to retirement benefits plans RMB'000	Total RMB'000	Directors' fees RMB'000	Salaries and other benefits RMB'000	Bonus RMB'000	Contributions to retirement benefits plans RMB'000	Total RMB'000
Sir Gordon Ying Sheung WU	245	2,526	1,015	–	3,786	242	2,563	852	–	3,657
Eddie Ping Chang HO	204	2,021	649	–	2,874	201	2,050	511	–	2,762
Thomas Jefferson WU	164	2,011	375	10	2,560	161	2,417	557	12	3,147
Alan Chi Hung CHAN	164	2,549	560	10	3,283	161	2,589	588	12	3,350
Cheng Hui JIA	164	2,731	609	–	3,504	161	2,776	639	–	3,576
Alan Ming Fai TAM	164	1,748	390	10	2,312	161	1,858	409	12	2,440
Chung Kwong POON (note a)	164	–	–	–	164	242	–	–	–	242
Yuk Keung IP (note b)	164	–	–	–	164	242	–	–	–	242
Brian David Man Bun LI	164	–	–	–	164	242	–	–	–	242
Kojiro NAKAHARA (note c)	164	–	–	–	164	242	–	–	–	242
Philip Tsung Cheng FEI (note d)	164	–	–	–	164	73	–	–	–	73
Gordon YEN (note e)	141	–	–	–	141	–	–	–	–	–
	2,066	13,586	3,598	30	19,280	2,128	14,253	3,556	36	19,973

(FOR INFORMATION PURPOSE ONLY)

	2012					2013				
	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	3,090	1,250	–	4,640	300	3,180	1,060	–	4,540
Eddie Ping Chang HO	250	2,472	800	–	3,522	250	2,544	636	–	3,430
Thomas Jefferson WU	200	2,461	462	12	3,135	200	3,000	692	15	3,907
Alan Chi Hung CHAN	200	3,117	690	12	4,019	200	3,212	732	15	4,159
Cheng Hui JIA	200	3,340	750	–	4,290	200	3,445	795	–	4,440
Alan Ming Fai TAM	200	2,138	480	12	2,830	200	2,307	509	15	3,031
Chung Kwong POON (note a)	200	–	–	–	200	300	–	–	–	300
Yuk Keung IP (note b)	200	–	–	–	200	300	–	–	–	300
Brian David Man Bun LI	200	–	–	–	200	300	–	–	–	300
Kojiro NAKAHARA (note c)	200	–	–	–	200	300	–	–	–	300
Philip Tsung Cheng FEI (note d)	200	–	–	–	200	90	–	–	–	90
Gordon YEN (note e)	173	–	–	–	173	–	–	–	–	–
	2,523	16,618	4,432	36	23,609	2,640	17,688	4,424	45	24,797

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

Directors' emoluments (continued)

Notes:

(a) Professor Chung Kwong POON was appointed as a member of the Audit Committee of the Company in place of Mr. Kojiro NAKAHARA with effect from 30 June 2013.

(b) Mr. Yuk Keung IP was appointed as an Independent Non-Executive Director and a member of the Audit Committee of the Company on 1 July 2011 and was appointed as a member of the Remuneration Committee of the Company on 12 May 2012. He was appointed as the chairman of the Audit Committee of the Company in place of Mr. Philip Tsung Cheng FEI with effect from 18 October 2012.

(c) Mr. Kojiro NAKAHARA resigned as an Independent Non-Executive Director and a member of the Audit Committee of the Company with effect from 30 June 2013.

(d) Mr. Philip Tsung Cheng FEI ceased to be an Independent Non-Executive Director, the chairman and a member of the Audit Committee of the Company upon his retirement from the Board at the conclusion of the 2012 Annual General Meeting held on 18 October 2012.

(e) Dr. Gordon YEN resigned as an Independent Non-Executive Director and a member of each of the Audit Committee and the Remuneration Committee of the Company with effect from 12 May 2012.

Five highest paid individuals' emoluments

The five highest paid individuals of the Group in 2012 and 2013 were all Directors of the Company and details of their emoluments are disclosed above.

During the two years ended 30 June 2013, no emoluments were paid by the Group to any of the persons who are Directors of the Company or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office and none of the persons who are Directors of the Company waived any emoluments.

11. Dividends

	2012 RMB'000	**2013 RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013 HK$'000**
Dividends paid and recognised as a distribution during the year:				
Interim dividend paid of RMB10 cents (equivalent to HK12.3394 cents) (2012: HK18 cents (approximately RMB14.70 cents)) per share	435,327	**308,169**	533,104	**380,262**
Final dividend for the year ended 30 June 2012 paid of HK16 cents (approximately RMB12.95 cents) (2012: year ended 30 June 2011 paid of HK18 cents (approximately RMB14.88 cents)) per share	440,582	**383,427**	533,104	**473,870**
	875,909	**691,596**	1,066,208	**854,132**
Final dividend proposed of RMB9 cents (equivalent to HK11.3122 cents) (2012: HK16 cents (approximately RMB12.95 cents)) per share and special final dividend proposed of RMB10 cents (equivalent to HK12.5691 cents) (2012: nil) per share	383,427	**585,521**	473,870	**735,948**

A final dividend and a special final dividend in respect of the financial year 2013 of RMB9 cents (equivalent to HK11.3122 cents) per share and RMB10 cents (equivalent to HK12.5691 cents) per share respectively, totalling approximately RMB585,521,000 (approximately HK$735,948,000) is proposed by the Board of Directors. The dividends are subject to approval by shareholders at the forthcoming annual general meeting and have not been included as liabilities in these consolidated financial statements. The proposed final dividend and special final dividend are 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:

	2012 RMB'000	**2013** **RMB'000**	2012 HK$'000	**2013** **HK$'000**
			(FOR INFORMATION PURPOSE ONLY)	
Earnings for the purposes of basic and diluted earnings per share	836,198	**600,744**	1,023,218	**747,430**

	2012 Number of shares	**2013** **Number** **of shares**
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	2,961,690,283	**3,042,238,228**

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 2012 and 30 June 2013.

13. Retirement Benefits Plans

The Group has established a Mandatory Provident Fund Scheme (the "MPF Scheme") for its Hong Kong employees. The assets of the scheme are held separately in funds which are under the control of independent trustees. The retirement benefit scheme contributions charged to profit or loss represent contributions paid or payable by the Group to the scheme at 5% of each of the employees' monthly relevant income capped at HK$20,000 (increases to HK$25,000 effective from 1 June 2012). In addition, the PRC employees employed by the Group are members of the state-managed retirement benefit schemes operated by the PRC Government. The Group is required to contribute 18% of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. At 30 June 2013, there were no forfeited contributions available to reduce future obligations. The total contributions made by the Group to the MPF Scheme and the PRC retirement benefit schemes for the year are RMB459,000 (approximately HK$569,000) (2012: RMB490,000 (approximately HK$599,000)).

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 RMB14,524,000 (approximately HK$18,344,000) (2012: RMB13,052,000 (approximately HK$15,924,000)).

14. Property and Equipment

	The Group				
	Buildings RMB'000	Motor vehicles RMB'000	Ancillary traffic facilities, furniture, fixtures and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST					
As at 1 July 2011	70,592	36,517	276,944	26,188	410,241
Additions	410	10,724	4,590	62,196	77,920
Transfer	12,399	–	61,808	(74,207)	–
Disposals/written off	–	(1,688)	(114)	–	(1,802)
As at 30 June 2012	**83,401**	**45,553**	**343,228**	**14,177**	**486,359**
Additions	**456**	**4,430**	**6,283**	**226,340**	**237,509**
Transfer	**63,140**	**–**	**157,562**	**(220,702)**	**–**
Disposals/written off	**(3,884)**	**(2,186)**	**(1,529)**	**–**	**(7,599)**
As at 30 June 2013	**143,113**	**47,797**	**505,544**	**19,815**	**716,269**
DEPRECIATION					
As at 1 July 2011	6,303	22,702	110,665	–	139,670
Charge for the year	3,419	3,192	30,437	–	37,048
Eliminated on disposals/written off	–	(1,232)	(114)	–	(1,346)
As at 30 June 2012	**9,722**	**24,662**	**140,988**	**–**	**175,372**
Charge for the year	**4,830**	**4,337**	**38,960**	**–**	**48,127**
Eliminated on disposals/written off	**(1,288)**	**(1,961)**	**(1,160)**	**–**	**(4,409)**
As at 30 June 2013	**13,264**	**27,038**	**178,788**	**–**	**219,090**
CARRYING AMOUNTS					
As at 30 June 2012	73,679	20,891	202,240	14,177	310,987
As at 30 June 2013	**129,849**	**20,759**	**326,756**	**19,815**	**497,179**

14. Property and Equipment (continued)

(FOR INFORMATION PURPOSE ONLY)

	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 2011	84,992	43,967	333,441	31,530	493,930
Exchange adjustments	1,150	635	4,402	419	6,606
Additions	481	13,049	5,628	75,879	95,037
Transfer	15,127	–	75,405	(90,532)	–
Disposals/written off	–	(2,076)	(139)	–	(2,215)
As at 30 June 2012	**101,750**	**55,575**	**418,737**	**17,296**	**593,358**
Exchange adjustments	**3,609**	**1,972**	**14,737**	**609**	**20,927**
Additions	**553**	**5,581**	**7,957**	**285,869**	**299,960**
Transfer	**79,745**	**–**	**199,002**	**(278,747)**	**–**
Disposals/written off	**(4,906)**	**(2,761)**	**(1,931)**	**–**	**(9,598)**
As at 30 June 2013	**180,751**	**60,367**	**638,502**	**25,027**	**904,647**
DEPRECIATION					
As at 1 July 2011	7,589	27,334	133,240	–	168,163
Exchange adjustments	104	418	2,237	–	2,759
Charge for the year	4,168	3,801	36,667	–	44,636
Eliminated on disposals/written off	–	(1,465)	(139)	–	(1,604)
As at 30 June 2012	**11,861**	**30,088**	**172,005**	**–**	**213,954**
Exchange adjustments	**492**	**1,075**	**6,623**	**–**	**8,190**
Charge for the year	**6,026**	**5,462**	**48,647**	**–**	**60,135**
Eliminated on disposals/written off	**(1,627)**	**(2,477)**	**(1,465)**	**–**	**(5,569)**
As at 30 June 2013	**16,752**	**34,148**	**225,810**	**–**	**276,710**
CARRYING AMOUNTS					
As at 30 June 2012	89,889	25,487	246,732	17,296	379,404
As at 30 June 2013	**163,999**	**26,219**	**412,692**	**25,027**	**627,937**

The above items of property and equipment other than construction in progress 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	
	RMB'000	HK$'000 (FOR INFORMATION PURPOSE ONLY)
COST		
As at 1 July 2011	14,714,832	17,716,657
Exchange adjustments	–	235,628
Additions	1,239,614	1,512,139
As at 30 June 2012	**15,954,446**	**19,464,424**
Exchange adjustments	**–**	**686,928**
Additions	**683,120**	**861,893**
Reduction	**(16,849)**	**(21,280)**
As at 30 June 2013	**16,620,717**	**20,991,965**
AMORTISATION		
At 1 July 2011	2,806,871	3,379,473
Exchange adjustments	–	42,695
Charge for the year	360,057	441,484
As at 30 June 2012	**3,166,928**	**3,863,652**
Exchange adjustments	**–**	**143,581**
Charge for the year	**405,745**	**505,053**
Reduction	**(12,412)**	**(15,676)**
As at 30 June 2013	**3,560,261**	**4,496,610**
CARRYING AMOUNTS		
As at 30 June 2012	12,787,518	15,600,772
As at 30 June 2013	**13,060,456**	**16,495,355**

The amortisation rates of the concession intangible assets for the year ended 30 June 2013 under the method set out in note 3 range from 0.22% to 5.15% (2012: 1.24% to 4.73%).

16. Investments in Subsidiaries

	The Company			
	2012 RMB'000	**2013 RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013 HK$'000**
Investment in subsidiaries	1,816,650	**1,816,650**	2,216,313	**2,294,429**
Capital contributions to subsidiaries	481,811	**560,823**	587,810	**708,319**
	2,298,461	**2,377,473**	2,804,123	**3,002,748**

Particulars of the principal subsidiaries are set out in note 37.

17. Investments in Jointly Controlled Entities

Particulars of the Group's jointly controlled entities as at 30 June 2013 and 2012 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 (note ii)	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 (equivalent to RMB471,000,000) previously injected by the Group to GS Superhighway JV had been repaid to the Group by GS Superhighway JV during the year ended 30 June 2008.

(ii) West Route JV

West Route JV is established to undertake the development, operation and management of an expressway linking Guangzhou, Zhongshan and Zhuhai ("Western Delta Route") and was 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 which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB294,000,000).

17. Investments in Jointly Controlled Entities (continued)

(ii) West Route JV (continued)

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. The operation period for Phase II West is 25 years commencing from 25 June 2010.

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

As at 30 June 2013, the approved registered capital of West Route JV was RMB4,263,000,000 (2012: 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.

17. Investments in Jointly Controlled Entities (continued)

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 in respect of the year ended 30 June 2012 and 30 June 2013 are set out below:

	2012			2013		
	GS Superhighway JV	West Route JV	Total	GS Superhighway JV	West Route JV	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	513,393	319,082	832,475	238,244	206,048	444,292
Non-current assets	5,253,654	6,374,782	11,628,436	5,098,475	7,063,425	12,161,900
Current liabilities	856,688	960,428	1,817,116	713,284	602,934	1,316,218
Non-current liabilities	2,116,534	3,563,198	5,679,732	1,913,289	4,531,167	6,444,456
Income	1,987,566	1,296,433	3,283,999	1,633,153	939,875	2,573,028
Expenses	(704,518)	(1,324,081)	(2,028,599)	(619,515)	(1,005,188)	(1,624,703)
Profit before tax	1,283,048	(27,648)	1,255,400	1,013,638	(65,313)	948,325
Income tax (expenses) credit	(314,350)	1,810	(312,540)	(251,424)	–	(251,424)
Profit after tax	968,698	(25,838)	942,860	762,214	(65,313)	696,901

(FOR INFORMATION PURPOSE ONLY)

	2012			2013		
	GS Superhighway JV	West Route JV	Total	GS Superhighway JV	West Route JV	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Current assets	626,339	389,281	1,015,620	300,902	260,239	561,141
Non-current assets	6,409,458	7,777,234	14,186,692	6,439,374	8,921,106	15,360,480
Current liabilities	1,045,159	1,171,723	2,216,882	900,878	761,506	1,662,384
Non-current liabilities	2,582,172	4,347,101	6,929,273	2,416,484	5,722,864	8,139,348
Income	2,432,512	1,582,776	4,015,288	2,034,328	1,180,291	3,214,619
Expenses	(861,788)	(1,616,593)	(2,478,381)	(772,494)	(1,262,157)	(2,034,651)
Profit before tax	1,570,724	(33,817)	1,536,907	1,261,834	(81,866)	1,179,968
Income tax (expenses) credit	(384,807)	2,232	(382,575)	(312,984)	–	(312,984)
Profit after tax	1,185,917	(31,585)	1,154,332	948,850	(81,866)	866,984

18. Investment

The investment represents interest in unlisted limited company incorporated in the PRC and is classified as available-for-sale financial asset. It is measured at cost less impairment at the end of the reporting period because the Directors of the Company are of the opinion that its fair value cannot be measured reliably.

19. 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 2012 and 2013 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% (2012: 0.66% to 4.92%) per annum, representing the borrowing rates of that subsidiary. As at 30 June 2013, the amount due from a subsidiary amounting to RMB471,664,000 (approximately HK$595,712,000) (2012: RMB474,191,000 (approximately HK$578,513,000)) are denominated in HKD and the remaining amount due from a subsidiary amounting to RMB1,662,082,000 (approximately HK$2,099,209,000) (2012: RMB749,506,000 (approximately HK$914,397,000)) are denominated in RMB.

20. Balance with/Loans to a Jointly Controlled Entity

	The Group			
	2012 RMB'000	**2013** **RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013** **HK$'000**
Registered capital contributions made by the Group to West Route JV — non-current	245,777	**260,944**	299,848	**329,572**
Loans made from the Group to a jointly controlled entity — non-current	–	**500,000**	–	**631,500**
Loans made from the Group to a jointly controlled entity — current	15,000	**15,000**	18,300	**18,945**
Interest receivable for loans from the Group to a jointly controlled entity — current	1,664	**7,806**	2,030	**9,859**
	262,441	**783,750**	320,178	**989,876**

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 RMB2,131,500,000 (2012: RMB2,131,500,000) 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 operation periods. The effective interest rates adopted for measurement at fair value at initial recognition of the registered capital contributions made by the Group to West Route JV ranged from 4.67% to 7.05% (2012: 4.67% to 7.05%) per annum.

The loans made by the Group to West Route JV amounting to RMB500,000,000 are unsecured, carry fixed interest rate at 6.15% (2012: nil) per annum and repayable within two years from the end of the reporting period. Remaining balances amounting to RMB15,000,000 are unsecured, carry fixed interest rate at 5.99% (2012: 5.99%) per annum and repayable within twelve months from the end of the reporting period.

21. 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 2013, amounts due from subsidiaries of RMB809,848,000 (approximately HK$1,022,838,000) (2012: RMB1,871,328,000 (approximately HK$2,283,020,000)) are denominated in HKD and the remaining amounts due from subsidiaries of RMB1,301,349,000 (approximately HK$1,643,604,000) (2012: RMB1,335,837,000 (approximately HK$1,629,721,000)) are denominated in RMB. As at 30 June 2013, the amounts due to subsidiaries are denominated in HKD (2012: HKD).

22. Pledged Bank Balances and Deposits of Jointly Controlled Entities/Bank Balances and Cash

Pledged bank balances and deposits of jointly controlled entities, and bank balances and cash include time deposits of RMB24,000,000 (approximately HK$30,312,000) (2012: RMB514,000,000 (approximately HK$627,080,000)) with maturity period of six months (2012: ranged from six months to two years) carry interest at prevailing interest rate of 3.05% (2012: range from 3.05% to 4.40%) per annum. Remaining bank balances and cash carry interest at market rates which range from 0.01% to 4.05% (2012: 0.01% to 3.14%) 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 2013, other than the amount of RMB24,000,000 (approximately HK$30,312,000) (2012: RMB24,000,000 (approximately HK$29,280,000)) with maturity period of six months, the remaining amount of RMB304,394,000 (approximately HK$384,450,000) (2012: RMB258,077,000 (approximately HK$314,854,000)) was available for use by the jointly controlled entities by servicing notices to relevant banks providing the banking facilities.

Analysis of the pledged bank balances and deposits of the jointly controlled entities, bank balances and cash of the Group and jointly controlled entities by currencies:

	2012 RMB'000	**2013** **RMB'000**	2012 HK$'000	**2013** **HK$'000**
			(FOR INFORMATION PURPOSE ONLY)	
RMB	4,147,565	**1,842,652**	5,060,030	**2,327,269**
United States dollars ("USD")	51	**46**	62	**58**
HKD	458	**806**	559	**1,018**
	4,148,074	**1,843,504**	5,060,651	**2,328,345**

22. Pledged Bank Balances and Deposits of Jointly Controlled Entities/Bank Balances and Cash (continued)

Bank balances and cash of the Company include time deposits of RMB12,221,000 (approximately HK$15,435,000) (2012: RMB1,403,311,000 (approximately HK$1,712,040,000)) with original maturity period of three months that carry interest at prevailing interest rates range from 2.75% to 3.60% (2012: 2.15% to 3.30%) per annum. Remaining bank balances and cash carry interest at market rates which range from 0.01% to 4.05% (2012: 0.01% to 0.30%) 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):

	2012 RMB'000	**2013** **RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013** **HK$'000**
RMB	1,403,769	**15,970**	1,712,598	**20,171**
USD	25	**21**	30	**26**
HKD	190	**381**	232	**481**
	1,403,984	**16,372**	1,712,860	**20,678**

23. 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			
	2012 RMB'000	**2013** **RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013** **HK$'000**
Toll revenue receivables	58,693	**60,104**	71,605	**75,911**
Interest receivable	18,449	**7,301**	22,508	**9,221**
Others	23,879	**23,598**	29,132	**29,804**
Less: Allowance for doubtful debts	(5,190)	**(5,438)**	(6,332)	**(6,868)**
Total interest and other receivables	95,831	**85,565**	116,913	**108,068**

Toll revenue receivables are normally settled within 30 days (2012: 30 days).

Included in the interest and other receivables are debtors with an aggregate carrying amount of RMB839,000 (approximately HK$1,060,000) (2012: RMB775,000 (approximately HK$946,000)) which are past due within one year for which no impairment loss has been provided. There is no collateral held over these balances.

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

23. Interest and Other Receivables (continued)

Movement in the allowance for doubtful debts

	2012 RMB'000	**2013 RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013 HK$'000** (FOR INFORMATION PURPOSE ONLY)
Balance at beginning of the year	6,245	**5,190**	7,519	**6,332**
Impairment losses recognised (reversed) on other receivables	(1,055)	**248**	(1,287)	**313**
Exchange adjustments	–	**–**	100	**223**
Balance at end of the year	5,190	**5,438**	6,332	**6,868**

Allowance for doubtful debts with an aggregate balance of RMB5,438,000 (approximately HK$6,868,000) (2012: RMB5,190,000 (approximately HK$6,332,000)) are provided for individually impaired other receivables which have severe financial difficulties. No collateral is held over these balances.

24. Share Capital

The Group and the Company

	Number of shares	**Nominal amount** HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
As at 1 July 2011, 30 June 2012 and 30 June 2013	10,000,000,000	1,000,000

	Number of shares	HK$'000	Equivalent to RMB'000
Issued and fully paid:			
As at 1 July 2011 and 30 June 2012	2,961,690,283	296,169	260,941
Shares issued	120,000,000	12,000	9,662
As at 30 June 2013	3,081,690,283	308,169	270,603

On 29 October 2012, the Company issued and allotted a total of 120 million ordinary shares of HK$0.1 each at par to independent third parties, for consideration of RMB3.22 (approximately HK$4.00) per share. These shares rank pari passu in all respects with other shares in issue.

24. Share Capital (continued)

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.

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 recognised in profit or loss when received.

Upon the expiry of the Option Scheme on 15 July 2013, no further options may be granted but the provisions of the Option Scheme shall in all other respects remain in full force and effect and options which are granted during the life of the Option Scheme may continue to be exercisable in accordance with their respective terms of issue.

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						
		At 1 July 2011	Movements during the year			At 30 June 2012		Weighted average share price at the date of exercise
Date of grant	Subscription price per share HK$	Outstanding	Granted	Exercised	Lapsed	Outstanding	Exercisable	HK$
17 October 2006	5.858	4,368,000	–	–	(288,000)	4,080,000	4,080,000	N/A
19 November 2007	6.746	360,000	–	–	–	360,000	288,000	N/A
24 July 2008	5.800	400,000	–	–	–	400,000	240,000	N/A
		5,128,000	–	–	(288,000)	4,840,000	4,608,000	
Weighted average exercise price		HK$5.916	N/A	N/A	HK$5.858	HK$5.919	HK$5.910	

		Number of shares under options granted						
		At 1 July 2012	**Movements during the year**			**At 30 June 2013**		**Weighted average share price at the date of exercise**
Date of grant	**Subscription price per share** HK$	**Outstanding**	**Granted**	**Exercised**	**Lapsed**	**Outstanding**	**Exercisable**	HK$
17 October 2006	5.858	4,080,000	–	–	–	**4,080,000**	**4,080,000**	N/A
19 November 2007	6.746	360,000	–	–	–	**360,000**	**360,000**	N/A
24 July 2008	5.800	400,000	–	–	–	**400,000**	**320,000**	N/A
		4,840,000	–	–	–	**4,840,000**	**4,760,000**	
Weighted average exercise price		HK$5.919	N/A	N/A	N/A	**HK$5.919**	**HK$5.921**	

24. Share Capital (continued)

Share option scheme (continued)

The followings are the particulars of share options granted under the 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 value 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

24. 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 behavioral 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 the management's best estimate. The value of share options varies with different variables of certain subjective assumptions.

The Group recognised total expense of RMB46,000 (approximately HK$56,000) in relation to share options granted for the year ended 30 June 2012.

25. 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 2013, the Company's reserves available for distribution to its shareholders amounting to RMB6,178,412,000 (approximately HK$5,938,134,000) (2012: RMB5,832,025,000 (approximately HK$5,494,263,000)), comprising retained profits of RMB502,307,000 (approximately HK$540,472,000) (2012: RMB522,054,000 (approximately HK$551,339,000)) and share premium of RMB5,676,105,000 (approximately HK$5,397,662,000) (2012: RMB5,309,971,000 (approximately HK$4,942,924,000)).

	Share premium RMB'000	Translation reserve (note i) RMB'000	Share option reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 July 2011	5,309,971	(970,954)	4,227	646,468	4,989,712
Profit and total comprehensive income for the year	–	–	–	751,272	751,272
Recognition of equity-settled share-based payments	–	–	46	–	46
Forfeiture of vested share options	–	–	(223)	223	–
Dividends recognised as distribution during the year (note 11)	–	–	–	(875,909)	(875,909)
As at 30 June 2012	**5,309,971**	**(970,954)**	**4,050**	**522,054**	**4,865,121**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**671,849**	**671,849**
Shares issued	**376,738**	**–**	**–**	**–**	**376,738**
Transaction costs related to issue of shares	**(10,604)**	**–**	**–**	**–**	**(10,604)**
Dividends recognised as distribution during the year (note 11)	**–**	**–**	**–**	**(691,596)**	**(691,596)**
As at 30 June 2013	**5,676,105**	**(970,954)**	**4,050**	**502,307**	**5,211,508**

25. Share Premium and Reserves (continued)

(FOR INFORMATION PURPOSE ONLY)

	Share premium HK$'000	Translation reserve (note ii) HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
As at 1 July 2011	4,942,924	332,519	4,798	745,376	6,025,617
Exchange gain on translation to presentation currency	–	126,263	–	–	126,263
Profit for the year	–	–	–	871,899	871,899
Total comprehensive income for the year	–	126,263	–	871,899	998,162
Recognition of equity-settled share-based payments	–	–	56	–	56
Forfeiture of vested share options	–	–	(272)	272	–
Dividends recognised as distribution during the year (note 11)	–	–	–	(1,066,208)	(1,066,208)
As at 30 June 2012	4,942,924	458,782	4,582	551,339	5,957,627
Exchange gain on translation to presentation currency	–	214,239	–	–	214,239
Profit for the year	–	–	–	843,265	843,265
Total comprehensive income for the year	–	214,239	–	843,265	1,057,504
Shares issued	467,909	–	–	–	467,909
Transaction costs related to issue of shares	(13,171)	–	–	–	(13,171)
Dividends recognised as distribution during the year (note 11)	–	–	–	(854,132)	(854,132)
As at 30 June 2013	5,397,662	673,021	4,582	540,472	6,615,737

Notes:

(i) Before the change in functional currency of the Company from HKD to RMB during the year ended 30 June 2009, the exchange differences recognised in translation reserve represented the difference between the equity transactions and accumulated earnings translated at the exchange rates at the transaction dates and the assets and liabilities translated at the closing rates at the end of each reporting period.

(ii) The translation reserve represented the accumulated net exchange difference arising on translation of the Company's financial statements denominated in RMB, the functional currency of the Company, to the presentation currency of the Company after the change in functional currency of the Company.

26. Bank and Other Loans

The Group

The bank loan of the Group amounting to RMB500,000,000 (approximately HK$631,500,000) (2012: RMB1,000,000,000 (approximately HK$1,220,000,000)), denominated in RMB, is unsecured, carries interest at fixed rate of 3.98% per annum and repayable within two years (2012: three years) from the end of reporting period.

The bank loans of the Group amounting to RMB101,821,000 (approximately HK$128,600,000) (2012: RMB58,033,000 (approximately HK$70,800,000)), denominated in HKD, are unsecured, carry interests at prevailing commercial lending rates and repayable on demand. The effective interest rates for bank loans for the year were ranged from 1.12% to 1.93% (2012: 0.55% to 2.85%) per annum.

As at 30 June 2013, the Group has available unutilised banking facilities of RMB831,591,000 (approximately HK$1,050,300,000) (2012: RMB992,787,000 (approximately HK$1,211,200,000)).

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			
	2012 RMB'000	**2013** **RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013** **HK$'000**
Bank loans of the jointly controlled entities proportionately shared by the Group, secured (note i)	5,717,820	**5,842,413**	6,975,741	**7,378,967**
Other loan of a jointly controlled entity proportionately shared by the Group, unsecured (note ii)	6,277	**6,700**	7,658	**8,462**
	5,724,097	**5,849,113**	6,983,399	**7,387,429**
The borrowings are repayable as follows:				
Within one year	307,226	**252,053**	374,816	**318,342**
In the second year	332,623	**286,044**	405,800	**361,273**
In the third to fifth years inclusive	1,218,300	**1,468,580**	1,486,326	**1,854,816**
After five years	3,865,948	**3,842,436**	4,716,457	**4,852,998**
	5,724,097	**5,849,113**	6,983,399	**7,387,429**
Less: Amounts due for settlement within one year (shown under current liabilities)	(307,226)	**(252,053)**	(374,816)	**(318,342)**
Amounts due for settlement after one year	5,416,871	**5,597,060**	6,608,583	**7,069,087**

26. Bank and Other Loans (continued)

Jointly controlled entities (continued)

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):

	2012				2013			
	USD loans RMB'000	HKD loan RMB'000	RMB loans RMB'000	Total RMB'000	USD loans RMB'000	HKD loan RMB'000	RMB loans RMB'000	Total RMB'000
Bank loans	1,859,146	234,773	3,623,901	5,717,820	1,624,581	207,190	4,010,642	5,842,413
Other loan	–	–	6,277	6,277	–	–	6,700	6,700
	1,859,146	234,773	3,630,178	5,724,097	1,624,581	207,190	4,017,342	5,849,113

(FOR INFORMATION PURPOSE ONLY)

	2012				2013			
	USD loans HK$'000	HKD loan HK$'000	RMB loans HK$'000	Total HK$'000	USD loans HK$'000	HKD loan HK$'000	RMB loans HK$'000	Total HK$'000
Bank loans	2,268,158	286,423	4,421,160	6,975,741	2,051,846	261,681	5,065,440	7,378,967
Other loan	–	–	7,658	7,658	–	–	8,462	8,462
	2,268,158	286,423	4,428,818	6,983,399	2,051,846	261,681	5,073,902	7,387,429

Notes:

(i) As at 30 June 2013, the Group's proportionate share of floating rate bank loans of jointly controlled entities of RMB5,842,413,000 (approximately HK$7,378,967,000) (2012: RMB5,717,820,000 (approximately HK$6,975,741,000)) carry interest at prevailing commercial lending rates. The effective interest rates for bank loans for the year were ranged from 0.77% to 7.05% (2012: 0.75% to 7.05%) per annum.

(ii) As at 30 June 2013, the Group's proportionate share of other loan of a jointly controlled entity of RMB6,700,000 (approximately HK$8,462,000) (2012: RMB6,277,000 (approximately HK$7,658,000)) is interest-free and repayable at the end of the operation period of the GS Superhighway JV (i.e. June 2027) with a principal amount of RMB16,720,000. The effective interest rate adopted for measurement at fair value at initial recognition of the interest-free loan is 6.75% per annum.

The Company

The bank loan of the Company amounting to RMB500,000,000 (approximately HK$631,500,000) (2012: RMB1,000,000,000 (approximately HK$1,220,000,000)), denominated in RMB, is unsecured, carries interest at fixed rate of 3.98% per annum and repayable within two years (2012: three years) from the end of reporting period.

As at 30 June 2013, the Company has available unutilised banking facilities of RMB300,000,000 (approximately HK$378,900,000) (2012: RMB600,000,000 (approximately HK$732,000,000)).

27. Balance with a Joint Venture Partner

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 partner.

	2012 RMB'000	**2013** **RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013** **HK$'000**
Registered capital contributions made by the PRC joint venture partner of West Route JV — non-current (note i)	245,728	**260,895**	299,788	**329,510**
Loans made by the PRC joint venture partner of West Route JV — current (note ii)	10,000	**20,000**	12,200	**25,260**
Payable to the PRC joint venture partner of West Route JV — current (note iii)	–	**66,291**	–	**83,725**
Payable to the PRC joint venture partner of GS Superhighway JV — current (note iv)	–	**20,304**	–	**25,644**
	255,728	**367,490**	311,988	**464,139**

Notes:

(i) The registered capital contributions with principal amounts of RMB2,131,500,000 (2012: RMB2,131,500,000) 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 repayments would be made at the expiry dates of the relevant joint venture periods. The effective interest rates adopted for measurement at fair value at initial recognition of the registered capital contribution made by the PRC joint venture partner to West Route JV ranged from 4.67% to 7.05% (2012: 4.67% to 7.05%).

(ii) The loans made by the PRC joint venture partner of West Route JV are unsecured, carry interest at prevailing commercial lending rate and repayable within twelve months (2012: six months) from the end of the reporting period. The interest rate for the year is 6.00% (2012: 5.85%) per annum.

(iii) Included in payable to the PRC joint venture partner of West Route JV is an amount of RMB48,246,000 (approximately HK$60,934,000) (2012: nil) which is unsecured, carries interest at prevailing commercial lending rate and repayable on demand. The interest rate for the year is 5.90% per annum. Remaining amounts are unsecured, interest-free and repayable on demand.

(iv) The payable to the PRC joint venture partner of GS Superhighway JV is unsecured, interest-free and repayable on demand.

28. Corporate Bonds

The corporate bonds with principal amounts of RMB600,000,000 (approximately HK$757,800,000) (2012: RMB600,000,000 (approximately HK$732,000,000)) are due on 18 May 2014 and carry interest at fixed rate of 1.55% per annum. The other corporate bonds with principal amounts of RMB1,380,000,000 (approximately HK$1,683,600,000) as at 30 June 2012 carried interest at fixed rate of 2.98% per annum and have been repaid on 13 July 2012. Both corporate bonds are unsecured.

29. 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	
	RMB'000	HK$'000 (FOR INFORMATION PURPOSE ONLY)
As at 1 July 2011	43,620	52,518
Exchange adjustments	–	995
Addition to provision in the year	21,343	26,129
Utilisation of resurfacing obligations	(7,603)	(9,663)
As at 30 June 2012	**57,360**	**69,979**
Exchange adjustments	**–**	**2,886**
Addition to provision in the year	**22,651**	**28,188**
As at 30 June 2013	**80,011**	**101,053**

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 are therefore is classified as non-current liabilities.

30. 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 RMB'000	Resurfacing obligations RMB'000	Other deductible temporary differences RMB'000	Tax losses RMB'000	Undistributed earnings of PRC jointly controlled entities RMB'000	Total RMB'000
As at 1 July 2011	214,075	(10,905)	(14,752)	(7,680)	136,565	317,303
Charge (credit) to profit or loss (note 8)	15,090	(3,435)	1,559	(8,964)	6,209	10,459
As at 30 June 2012	**229,165**	**(14,340)**	**(13,193)**	**(16,644)**	**142,774**	**327,762**
Charge (credit) to profit or loss (note 8)	**16,419**	**(5,663)**	**2,260**	**(11,846)**	**(3,209)**	**(2,039)**
As at 30 June 2013	**245,584**	**(20,003)**	**(10,933)**	**(28,490)**	**139,565**	**325,723**

(FOR INFORMATION PURPOSE ONLY)

	The Group					
	Accelerated tax depreciation HK$'000	Resurfacing obligations HK$'000	Other deductible temporary differences HK$'000	Tax losses HK$'000	Undistributed earnings of PRC jointly controlled entities HK$'000	Total HK$'000
As at 1 July 2011	257,746	(13,130)	(17,762)	(9,247)	164,426	382,033
Exchange adjustments	4,039	(239)	(236)	(446)	1,984	5,102
Charge (credit) to profit or loss (note 8)	17,797	(4,126)	1,902	(10,613)	7,775	12,735
As at 30 June 2012	**279,582**	**(17,495)**	**(16,096)**	**(20,306)**	**174,185**	**399,870**
Exchange adjustments	**9,906**	**(670)**	**(486)**	**(727)**	**6,280**	**14,303**
Charge (credit) to profit or loss (note 8)	**20,684**	**(7,098)**	**2,773**	**(14,950)**	**(4,194)**	**(2,785)**
As at 30 June 2013	**310,172**	**(25,263)**	**(13,809)**	**(35,983)**	**176,271**	**411,388**

31. Other Non-Current Liabilities

The amounts represent the government grants received by a jointly controlled entity towards the cost of construction of its buildings. The amounts have been treated as deferred income and will be transferred to the relevant assets as a deduction when the cost is incurred. As at 30 June 2013, the construction works are in progress.

32. 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

Other payables and accruals represent mainly accrued charges on operating expenses.

33. Balance with a Jointly Controlled Entity

As at 30 June 2012, the balance with a jointly controlled entity represented the loans made by GS Superhighway JV to West Route JV after elimination of the Group's proportionate share of the corresponding amount of the jointly controlled entity. The amount was unsecured, carried interest at prevailing commercial lending rate and repayable within two years from the end of the reporting period. The interest rate for the year was 5.99% per annum. The amounts have been fully repaid in December 2012.

34. Capital Risk Management

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

The capital structure of the Group consist of bank and other loans and corporate bonds disclosed in notes 26 and 28, 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 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 utilisation of bank borrowings and ensures full compliance with loan covenants during the year.

35. Financial Instruments

(a) Categories of financial instruments

	The Group			
	2012 RMB'000	**2013** **RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013** **HK$'000**
Financial assets				
Loans and receivables including cash and cash equivalents	4,506,346	**2,712,819**	5,497,742	**3,426,289**
Available-for-sales financial asset	–	**4,785**	–	**6,044**
	4,506,346	**2,717,604**	5,497,742	**3,432,333**
Financial liabilities				
Amortised cost	9,764,894	**8,075,702**	11,913,169	**10,199,612**

	The Company			
	2012 RMB'000	**2013** **RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013** **HK$'000**
Financial assets				
Loans and receivables including cash and cash equivalents	5,837,170	**4,261,882**	7,121,347	**5,382,757**
Financial liabilities				
Amortised cost	3,017,460	**1,159,178**	3,681,302	**1,464,042**

(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 analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Directors 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.

35. 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			
	2012 RMB'000	**2013 RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013 HK$'000**	2012 RMB'000	**2013 RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013 HK$'000**
USD	51	**46**	62	**58**	1,861,351	**1,625,416**	2,270,848	**2,052,901**
HKD	458	**401**	559	**506**	244,096	**211,133**	297,797	**266,061**

	The Company							
	Assets				Liabilities			
	2012 RMB'000	**2013 RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013 HK$'000**	2012 RMB'000	**2013 RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013 HK$'000**
USD	25	**21**	30	**26**	–	**–**	–	**–**
HKD	2,317,630	**1,281,893**	2,827,508	**1,619,031**	16,693	**57,741**	20,365	**72,926**

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 2013, 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.

35. 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

	2012			2013		
	RMB strengthen (weaken)	Increase (decrease) in profit before tax RMB'000	Increase (decrease) in profit before tax HK$'000 (FOR INFORMATION PURPOSE ONLY)	RMB strengthen (weaken)	Increase (decrease) in profit before tax RMB'000	Increase (decrease) in profit before tax HK$'000 (FOR INFORMATION PURPOSE ONLY)
USD	5%	93,065	113,539	5%	81,269	102,642
	(5%)	(93,065)	(113,539)	(5%)	(81,269)	(102,642)
HKD	5%	12,182	14,862	5%	10,537	13,308
	(5%)	(12,182)	(14,862)	(5%)	(10,537)	(13,308)

The Company

	2012			2013		
	RMB strengthen (weaken)	Increase (decrease) in profit before tax RMB'000	Increase (decrease) in profit before tax HK$'000 (FOR INFORMATION PURPOSE ONLY)	RMB strengthen (weaken)	Increase (decrease) in profit before tax RMB'000	Increase (decrease) in profit before tax HK$'000 (FOR INFORMATION PURPOSE ONLY)
USD	5%	(1)	(2)	5%	(1)	(1)
	(5%)	1	2	(5%)	1	1
HKD	5%	(115,047)	(140,357)	5%	(61,208)	(77,305)
	(5%)	115,047	140,357	(5%)	61,208	77,305

35. Financial Instruments (continued)

(b) Financial risk management objectives (continued)

(ii) Interest rate risk management

The cash flows interest rate risk of the Group and its jointly controlled entities relates primarily to variable rate bank loans, bank balances and deposits of the Group and its jointly controlled entities with details as set out in notes 22 and 26. 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 will refinance these borrowings with instruments with a lower cost.

The Group, its jointly controlled entities and the Company are exposed to fair value interest risk in relation to amount due from a subsidiary, balance with and loans to a joint controlled entity, fixed rate bank loan, balance with a joint venture partner and corporate bonds, with details as set out in notes 19, 20, 26, 27 and 28 respectively. The management continues to monitor the fair value interest rate exposure of the Group and the Company.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates in relation to the variable rate bank loans, 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 (2012: 50) basis point increase or decrease represents the management's assessment of the reasonably possible changes in interest rate.

The Group

If interest rate had been 50 (2012: 50) basis points higher/lower and all other variables were held constant, the Group's profit before tax for the year ended 30 June 2013, after considering the impact of interest capitalisation, would decrease/increase by RMB30,505,000 (approximately HK$38,528,000) (2012: RMB21,509,000 (approximately HK$26,241,000)).

(iii) Credit risk management

The Group

The Group's credit risk is primarily attributable to its balance with and loans to a jointly controlled entity, interest and other receivables, 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 recognised 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 and loans to with a jointly controlled entity. The management is responsible to exercise the joint control on the financial and operating activities of the jointly controlled entities with the PRC joint venture partners to ensure the jointly controlled entities maintaining favorable financial position in order to reduce such credit risk.

35. Financial Instruments (continued)

(b) Financial risk management objectives (continued)

(iii) Credit risk management (continued)

The Group (continued)

In addition, the management 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 minimise other credit risks. The management is also responsible for reviewing the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment 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 52% (2012: 47%) of the interest and other receivables was due from one (2012: one) major debtor as at 30 June 2013. 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 and banks with good reputation.

The Company

The Company's credit risk is primarily attributable to amounts due from subsidiaries and the amount of contingent liabilities in relation to financial guarantee issued by the Company as disclosed in note 43. The Company has concentration of risk as 67% (2012: 48%) 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 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 have no other significant concentration of credit risk.

(iv) Liquidity risk management

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

35. 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 RMB'000	Less than 1 year RMB'000	1–2 years RMB'000	3–5 years RMB'000	After 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amounts RMB'000
2012								
Other payables and accruals and deposits received	–	704,180	–	–	–	–	704,180	704,180
Balance with a joint venture partner — non-current (note)	–	–	–	–	–	1,065,750	1,065,750	245,728
Balance with a joint venture partner — current	5.85	–	10,593	–	–	–	10,593	10,000
Other interest payable	–	–	27,997	–	–	–	27,997	27,997
Bank and other loans of jointly controlled entities	0.75–7.05	–	537,541	554,320	1,841,030	4,824,027	7,756,918	5,724,097
Bank loans of the Group	0.55–3.98	58,033	40,352	40,352	1,034,605	–	1,173,342	1,058,033
Corporate bonds	1.55–2.98	–	1,390,764	608,204	–	–	1,998,968	1,980,000
Balance with a jointly controlled entity — non-current	5.99	–	887	15,253	–	–	16,140	14,620
Balance with a jointly controlled entity — current	–	–	239	–	–	–	239	239
		762,213	2,008,373	1,218,129	2,875,635	5,889,777	12,754,127	9,764,894

	Interest rate %	**Repayable on demand RMB'000**	**Less than 1 year RMB'000**	**1–2 years RMB'000**	**3–5 years RMB'000**	**After 5 years RMB'000**	**Total undiscounted cash flows RMB'000**	**Carrying amounts RMB'000**
2013								
Other payables and accruals and deposits received	**–**	**648,588**	**–**	**–**	**–**	**–**	**648,588**	**648,588**
Balance with a joint venture partner — non-current (note)	**–**	**–**	**–**	**–**	**–**	**1,065,750**	**1,065,750**	**260,895**
Other interest payable	**–**	**–**	**8,690**	**–**	**–**	**–**	**8,690**	**8,690**
Bank and other loans of jointly controlled entities	**0.77–6.55**	**–**	**513,726**	**544,616**	**2,194,306**	**4,937,480**	**8,190,128**	**5,849,113**
Bank loans of the Group	**1.63–3.98**	**101,821**	**20,176**	**517,302**	**–**	**–**	**639,299**	**601,821**
Corporate bonds	**1.55**	**–**	**608,204**	**–**	**–**	**–**	**608,204**	**600,000**
Balance with a joint venture partner — current	**0–6.00**	**86,595**	**20,714**	**–**	**–**	**–**	**107,309**	**106,595**
		837,004	**1,171,510**	**1,061,918**	**2,194,306**	**6,003,230**	**11,267,968**	**8,075,702**

35. Financial Instruments (continued)

(b) Financial risk management objectives (continued)

(iv) Liquidity risk management (continued)

The Group (continued)

(FOR INFORMATION PURPOSE ONLY)

	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
2012								
Other payables, accruals and deposit received	–	859,097	–	–	–	–	859,097	859,097
Balance with a joint venture partner — non-current (note)	–	–	–	–	–	1,300,215	1,300,215	299,788
Balance with a joint venture partner — current	5.85	–	12,924	–	–	–	12,924	12,200
Other interest payable	–	–	34,157	–	–	–	34,157	34,157
Bank and other loans of jointly controlled entities	0.75–7.05	–	655,800	676,271	2,246,056	5,885,312	9,463,439	6,983,399
Bank loans of the Group	0.55–3.98	70,800	49,230	49,230	1,262,217	–	1,431,477	1,290,800
Corporate bonds	1.55–2.98	–	1,696,732	742,009	–	–	2,438,741	2,415,600
Balance with a jointly controlled entity — non-current	5.99	–	1,082	18,608	–	–	19,690	17,836
Balance with a jointly controlled entity — current	–	–	292	–	–	–	292	292
		929,897	2,450,217	1,486,118	3,508,273	7,185,527	15,560,032	11,913,169

	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
2013								
Other payables, accruals and deposit received	–	819,168	–	–	–	–	819,168	819,168
Balance with a joint venture partner — non-current (note)	–	–	–	–	–	1,346,042	1,346,042	329,510
Other interest payable	–	–	10,976	–	–	–	10,976	10,976
Bank and other loans of jointly controlled entities	0.77–6.55	–	648,836	687,850	2,771,408	6,236,037	10,344,131	7,387,429
Bank loans of the Group	1.63–3.98	128,600	25,483	653,352	–	–	807,435	760,100
Corporate bonds	1.55	–	768,162	–	–	–	768,162	757,800
Balance with a joint venture partner — current	0–6.00	109,369	26,162	–	–	–	135,531	134,629
		1,057,137	1,479,619	1,341,202	2,771,408	7,582,079	14,231,445	10,199,612

Note: The repayment of balance with a joint venture partner is subject to the availability of cash flows and consensus of a joint venture partner. 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.

35. Financial Instruments (continued)

(b) Financial risk management objectives (continued)

(iv) Liquidity risk management (continued)

The Company

	Interest rate %	Repayable on demand RMB'000	Less than 1 year RMB'000	1–2 years RMB'000	3–5 years RMB'000	After 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amounts RMB'000
2012								
Other payables and accruals	–	6,175	–	–	–	–	6,175	6,175
Other interest payable	–	–	20,755	–	–	–	20,755	20,755
Amounts due to subsidiaries	–	10,530	–	–	–	–	10,530	10,530
Bank loan	3.98	–	40,352	40,352	1,034,605	–	1,115,309	1,000,000
Corporate bonds	1.55–2.98	–	1,390,764	608,204	–	–	1,998,968	1,980,000
Financial guarantee contracts	–	58,033	–	–	–	–	58,033	–
		74,738	1,451,871	648,556	1,034,605	–	3,209,770	3,017,460

	Interest rate %	Repayable on demand RMB'000	Less than 1 year RMB'000	1–2 years RMB'000	3–5 years RMB'000	After 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amounts RMB'000
2013								
Other payables and accruals	–	3,141	–	–	–	–	3,141	3,141
Other interest payable	–	–	1,431	–	–	–	1,431	1,431
Amounts due to subsidiaries	–	54,606	–	–	–	–	54,606	54,606
Bank loan	3.98	–	20,176	517,302	–	–	537,478	500,000
Corporate bonds	1.55	–	608,204	–	–	–	608,204	600,000
Financial guarantee contracts	–	101,821	–	–	–	–	101,821	–
		159,568	629,811	517,302	–	–	1,306,681	1,159,178

35. Financial Instruments (continued)

(b) Financial risk management objectives (continued)

(iv) Liquidity risk management (continued)

The Company (continued)

(FOR INFORMATION PURPOSE ONLY)

	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
2012								
Other payables and accruals	–	7,534	–	–	–	–	7,534	7,534
Other interest payable	–	–	25,322	–	–	–	25,322	25,322
Amounts due to subsidiaries	–	12,846	–	–	–	–	12,846	12,846
Bank loan	3.98	–	49,230	49,230	1,262,217	–	1,360,677	1,220,000
Corporate bonds	1.51–2.98	–	1,696,732	742,009	–	–	2,438,741	2,415,600
Financial guarantee contracts	–	70,800	–	–	–	–	70,800	–
		91,180	1,771,284	791,239	1,262,217	–	3,915,920	3,681,302

	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
2013								
Other payables and accruals	–	3,967	–	–	–	–	3,967	3,967
Other interest payable	–	–	1,807	–	–	–	1,807	1,807
Amounts due to subsidiaries	–	68,968	–	–	–	–	68,968	68,968
Bank loan	3.98	–	25,483	653,352	–	–	678,835	631,500
Corporate bonds	1.55	–	768,162	–	–	–	768,162	757,800
Financial guarantee contracts	–	128,600	–	–	–	–	128,600	–
		201,535	795,452	653,352	–	–	1,650,339	1,464,042

35. Financial Instruments (continued)

(b) Financial risk management objectives (continued)

(iv) Liquidity risk management (continued)

The Company (continued)

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

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subjected to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

(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 asset balance with a jointly controlled entity (with carrying amount of RMB260,944,000 (approximately HK$329,572,000) (2012: RMB245,777,000 (approximately HK$299,848,000)) and non-current liability balance with a joint venture partner (with carrying amount of RMB260,895,000 (approximately HK$329,510,000) (2012: RMB245,728,000 (approximately HK$299,788,000)) as at 30 June 2013 were RMB321,366,000 (approximately HK$405,885,000) (2012: RMB305,080,000 (approximately HK$372,198,000)) and RMB321,366,000 (approximately HK$405,885,000) (2012: RMB305,080,000 (approximately HK$372,198,000)), respectively, the Directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

36. Total Assets Less Current Liabilities/Net Current Assets

The Group

The Group's total assets less current liabilities as at 30 June 2013 amounted to RMB14,435,772,000 (approximately HK$18,232,379,000) (2012: RMB14,999,859,000 (approximately HK$18,299,828,000)). The Group's net current assets as at 30 June 2013 amounted to approximately RMB112,408,000 (approximately HK$141,971,000) (2012: RMB1,655,577,000 (approximately HK$2,019,804,000)).

The Company

The Company's total assets less current liabilities as at 30 June 2013, amounted to RMB5,982,111,000 (approximately HK$7,555,406,000) (2012: RMB6,726,062,000 (approximately HK$8,205,796,000)). The Company's net current assets as at 30 June 2013 amounted to RMB1,470,892,000 (approximately HK$1,857,737,000) (2012: RMB3,203,904,000 (approximately HK$3,908,763,000)).

37. Particulars of Principal Subsidiaries

The following list contains the particulars of the subsidiaries of the Company at 30 June 2013 and 2012 which principally affect the results, assets or liabilities of the Group as the Directors of the Company are of the opinion that a full list of all the subsidiaries would be of excessive length. None of the subsidiaries had issued any debt securities during the 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.

38. Major Non-Cash Transactions

During the year ended 30 June 2013, the Group's proportionate share of construction costs incurred by its jointly controlled entities of RMB567,578,000 (approximately HK$716,851,000) (2012: RMB612,454,000 (approximately HK$747,193,000)) have not yet been paid and hence are included in provision, other payables, accruals and deposits received at the end of the reporting period.

During the year ended 30 June 2013, the Group's jointly controlled entities provided construction service for the toll expressways of RMB683,120,000 (approximately HK$861,893,000) (2012: RMB1,239,614,000 (approximately HK$1,512,139,000)) in return for the concession intangible assets.

39. Operating Leases

(a) The Group as lessor

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	2012			2013		
	Renting of equipment RMB'000	Leasing of space for advertising RMB'000	Leasing of space for service areas RMB'000	**Renting of equipment RMB'000**	**Leasing of space for advertising RMB'000**	**Leasing of space for service areas RMB'000**
Within one year	82	5,311	3,310	**161**	**5,311**	**3,387**
In the second to fifth year inclusive	315	24,670	18,740	**236**	**22,566**	**18,367**
Over 5 years	–	2,765	63,357	**–**	**–**	**59,267**
	397	32,746	85,407	**397**	**27,877**	**81,021**

(FOR INFORMATION PURPOSE ONLY)

	2012			2013		
	Renting of equipment HK$'000	Leasing of space for advertising HK$'000	Leasing of space for service areas HK$'000	**Renting of equipment HK$'000**	**Leasing of space for advertising HK$'000**	**Leasing of space for service areas HK$'000**
Within one year	100	6,480	4,038	**203**	**6,708**	**4,278**
In the second to fifth year inclusive	384	30,097	22,863	**298**	**28,501**	**23,198**
Over 5 years	–	3,374	77,296	**–**	**–**	**74,854**
	484	39,951	104,197	**501**	**35,209**	**102,330**

Operating lease payments represent rentals receivable, by the Group from renting of equipment to local contractors and leasing of space along the toll expressway for adverting and service areas (including oil stations). Typically, leases are negotiated and rentals are fixed for leased term of one to twenty five years. Certain leases include contingent rentals calculated with reference to turnover of the tenants.

(b) The Group as lessee

	2012 RMB'000	**2013 RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013 HK$'000**
Minimum lease payments paid under operating lease for premises during the year	1,570	**1,553**	1,927	**1,927**

39. Operating Leases (continued)

(b) The Group as lessee (continued)

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

	2012 RMB'000	**2013 RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013 HK$'000**
Within one year	1,579	**–**	1,927	**–**

Leases are negotiated for a lease term of two years with fixed rentals.

40. Capital commitments

As at 30 June 2013, the Group has agreed, subject to approval of relevant authorities, to make additional capital contributions to West Route JV for development of Phase II West of RMB402,500,000 (approximately HK$508,358,000) (2012: RMB402,500,000 (approximately HK$491,050,000)).

As at 30 June 2013, GS Superhighway JV and West Route JV have outstanding commitments 48% and 50% proportionately shared by the Group respectively in respect of the acquisition of property and equipment contracted but not provided for totalling RMB39,208,000 (approximately HK$49,520,000). As at 30 June 2012, 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 RMB418,908,000 (approximately HK$511,068,000).

41. Pledge of Assets

As at 30 June 2013, certain assets of the Group's jointly controlled entities are 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 analysed as follows:

	The Group			
	2012 RMB'000	**2013 RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013 HK$'000**
Concession intangible assets	5,996,483	**5,767,130**	7,315,709	**7,283,885**
Property and equipment	205,371	**230,194**	250,553	**290,736**
Inventories	1,903	**1,732**	2,322	**2,187**
Interest and other receivables, and deposits and prepayments	55,780	**57,806**	68,052	**73,009**
Bank balances and deposits	282,077	**328,394**	344,134	**414,762**
	6,541,614	**6,385,256**	7,980,770	**8,064,579**

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

42. Related Party Transactions

Amounts due to and from related parties are disclosed in the consolidated statement of financial position and relevant notes. During the year ended 30 June 2013, the Group paid rentals, air-conditioning, management fee and car parking charges to fellow subsidiaries amounting to RMB2,180,000 (approximately HK$2,705,000) (2012: RMB2,178,000 (approximately HK$2,662,000)).

Apart from those related party transactions disclosed in Notes 6 and 7, the Group's jointly controlled entities have the following significant transactions with their joint venture partners other than the Group during the year:

Relationship	Nature of transaction	2012 RMB'000	**2013 RMB'000**	2012 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2013 HK$'000** (FOR INFORMATION PURPOSE ONLY)
Joint venture partner of the GS Superhighway JV	Operating expenses	1,943	**1,909**	2,376	**2,369**
	Dividend declared	892,467	**916,384**	1,090,933	**1,145,269**

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

Compensation of key management personnel

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

43. Guarantee

As at 30 June 2013, the revolving credit facilities of the Company's wholly-owned subsidiary in the aggregate amount of RMB633,413,000 (approximately HK$800,000,000) (2012: RMB456,820,000 (approximately HK$550,000,000)) are guaranteed by the Company. The Company is able to control the utilisation of the facilities. As at 30 June 2013, the subsidiary had utilised part of such facilities of RMB101,821,000 (approximately HK$128,600,000) (2012: RMB58,033,000 (approximately HK$70,800,000)).

44. Approval of Financial Statements

The consolidated financial statements on page 91 to 160 were approved and authorised for issue by the Board of Directors on 20 August 2013.

Glossary

"2012 Annual General Meeting"	the annual general meeting of the Company held at Auditorium, 3/F., Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on Thursday, 18 October 2012 at 10:00 a.m.
"2013 Annual General Meeting"	the annual general meeting of the Company to be held at Auditorium, 3/F., Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on Monday, 21 October 2013 at 10:00 a.m.
"Award Scheme"	the share award scheme adopted by the Board on 25 January 2007
"Board"	the board of directors of the Company
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Coastal Expressway"	Guangzhou-Shenzhen Coastal Expressway
"Company" or "HHI"	Hopewell Highway Infrastructure Limited
"Director(s)"	director(s) of the Company
"DPS"	Dividend per share
"DTT"	Deloitte Touche Tohmatsu
"EBIT"	earnings before interest and tax
"EBITDA"	earnings before interest, tax, depreciation and amortisation
"EIT"	Enterprise Income Tax
"EPS"	earnings per share
"FY07"	the financial year ended 30 June 2007
"FY08"	the financial year ended 30 June 2008
"FY09"	the financial year ended 30 June 2009
"FY10"	the financial year ended 30 June 2010
"FY11"	the financial year ended 30 June 2011
"FY12"	the financial year ended 30 June 2012
"FY13"	the financial year ended 30 June 2013
"FY14"	the financial year ending 30 June 2014
"FY15"	the financial year ending 30 June 2015
"GDP"	Gross Domestic Product
"GPCG"	Guangdong Provincial Communication Group Company Limited
"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
"HHI Website"	the website of the Company at www.hopewellhighway.com

Glossary

"HHL"	Hopewell Holdings Limited
"HHL Shares"	ordinary shares of HK$2.50 each in the capital of HHL
"HK$", "HKD" or "HK Dollar(s)"	Hong Kong Dollars, the lawful currency of Hong Kong
"HKEx Website"	the website of the Stock Exchange at www.hkexnews.hk
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Government"	the Government of Hong Kong
"HZM Bridge"	the Hong Kong-Zhuhai-Macau Bridge
"JCE/JCEs"	the jointly controlled entity/entities
"JV"	joint venture
"km"	kilometre
"Lady WU"	Lady WU Ivy Sau Ping KWOK
"Listing Rules"	The Rules Governing the Listing of Securities on Stock Exchange
"Macau"	the Macau Special Administrative Region of the PRC
"Mainland China"	the PRC, excluding Hong Kong and Macau
"MPF Scheme"	the mandatory provident fund scheme set up by the Group
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"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 "United States"	the United States of America
"US$" or "US Dollar(s)"	United States Dollars, the lawful currency of the United States
"West Route JV"	Guangdong Guangzhou-Zhuhai West Superhighway Company Limited, the joint venture company established for the Western Delta Route
"West Route PRC Partner"	Guangdong Provincial Highway Construction Company Limited
"Western Delta Route"	the route for a network of toll expressways comprising Phase I West, Phase II West and Phase III West

Corporate Information

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
Professor Chung Kwong POON GBS, JP#
Mr. Yuk Keung IP#
Mr. Brian David Man Bun LI JP#

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

Audit Committee
Mr. Yuk Keung IP
Chairman
Professor Chung Kwong POON GBS, JP
Mr. Brian David Man Bun LI JP

Remuneration Committee
Professor Chung Kwong POON GBS, JP
Chairman
Mr. Alan Chi Hung CHAN
Mr. Yuk Keung IP

Company Secretary
Mr. Richard Cho Wa LAW

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Wan Chai, Hong Kong
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Fax: (852) 2861 0177

Solicitors
Woo, Kwan, Lee & Lo

Auditor
Deloitte Touche Tohmatsu

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

Principal Bankers+
Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of Communications Co., Limited
The Bank of Tokyo-Mitsubishi UFJ, Limited
The Bank of East Asia, Limited
BNP Paribas
China CITIC Bank Corporation Limited
China Development Bank, Guangdong Branch
China Everbright Bank Corporation Limited
Guangdong Development Bank Co., Limited
Guangdong Nan Yue Bank Co., Limited
Industrial and Commercial Bank of China Limited
PingAn Bank Co., Limited
Sumitomo Mitsui Banking Corporation

\+ *names are in alphabetical order*

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

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

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

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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	21 February 2013
Exchange rate determined for payment of interim dividend in Hong Kong Dollars	21 February 2013
Ex-dividend Date	6 March 2013
Closure of Register of Members	8 March 2013
Deadline for submission of interim dividend election form	27 March 2013
Interim dividend paid ***(RMB10 cents or HK12.3394 cents per share)***	12 April 2013
Final results announcement	20 August 2013
Exchange rate determined for payment of final dividend and special final dividend in Hong Kong Dollars	20 August 2013
Closure of Register of Members	15 October 2013 to 21 October 2013 *(both days inclusive)*
2013 Annual General Meeting	21 October 2013
Ex-dividend Date	23 October 2013
Closure of Register of Members	25 October 2013
Deadline for submission of dividend election form	13 November 2013
Proposed final dividend and special final dividend payable# ***Final dividend: RMB9 cents or HK11.3122 cents per share*** ***Special final dividend: RMB10 cents or HK12.5691 cents per share***	25 November 2013

Subject to approval by shareholders at the 2013 Annual General Meeting to be held on 21 October 2013.

Design and Production by: REF Financial Press Limited
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HHI

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