HOPEWELL HIGHWAY INFRASTRUCTURE LIMITED

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

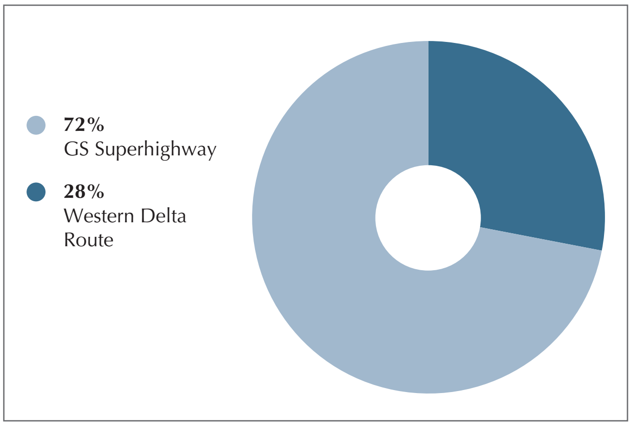
2016/17 ANNUAL REPORT

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

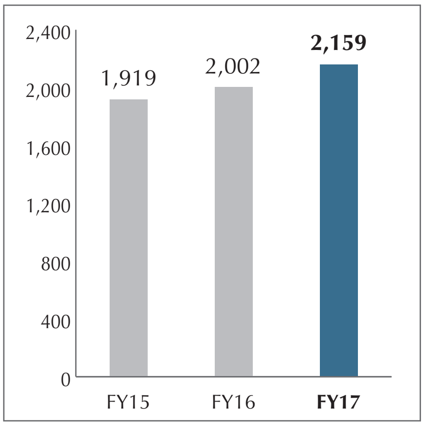
Contents

Financial Highlights
(Presented under Proportionate Consolidation Method)

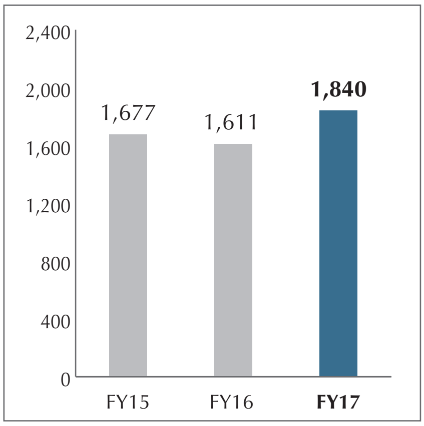
Net toll Revenue by Expressway



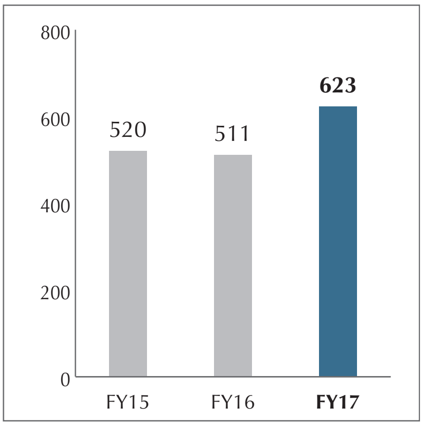
Net Toll Revenue
(RMB million)



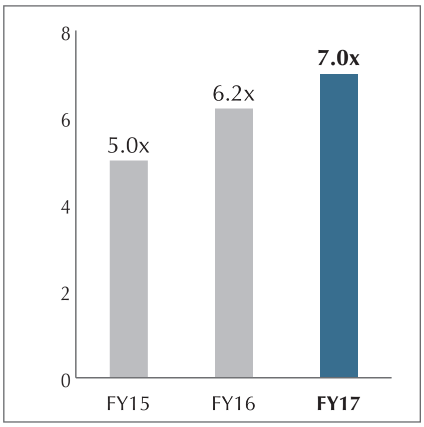
EBITDA
(RMB million)



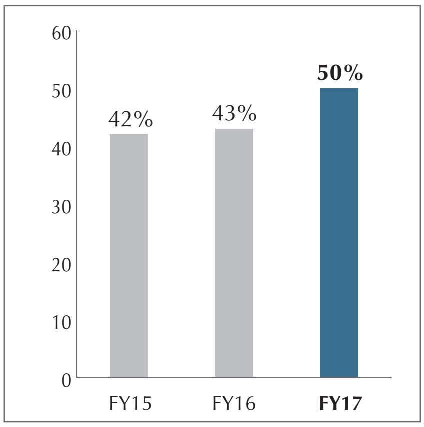
Profit Attributable to Owners of the Company
(RMB million)



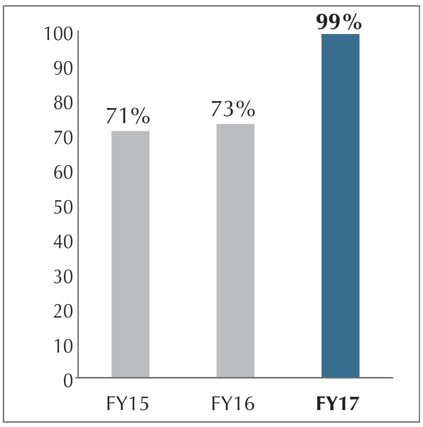
Interest Coverage
(EBITDA/Interest)



Total Debt(Note 1) to Total Assets



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



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

10-Year Financial Summary

The financial summary of the Group presented in RMB from 2008 to 2017.

Consolidated Results Prepared under the Equity Method (RMB million)

	Year ended 30 June									
	2008	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	***2017***
Share of results of joint ventures	1,031	960	958	966	896	653	576	545	556	**680**
Corporate results	81	(11)	(102)	(84)	(45)	(41)	(12)	(15)	(35)	**(48)**
Gain on disposal of ESW Ring Road[1]	814	–	–	–	–	–	–	–	–	**–**
Profit for the year	1,926	949	856	882	851	612	564	530	521	**632**
Profit for the year attributable to:										
Owners of the Company	**1,909**	**933**	**841**	**866**	**836**	**601**	**553**	**520**	**511**	**623**
Non-controlling interests	17	16	15	16	15	11	11	10	10	**9**
Profit for the year	**1,926**	**949**	**856**	**882**	**851**	**612**	**564**	**530**	**521**	**632**

Segment Revenue and Results (RMB million)

	Year ended 30 June									
	2008	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	***2017***
Net toll revenue	**1,601**	**1,593**	**1,706**	**1,934**	**1,949**	**1,803**	**1,916**	**1,919**	**2,002**	**2,159**
GS Superhighway	1,485	1,521	1,628	1,718	1,689	1,470	1,475	1,438	1,480	**1,560**
Western Delta Route[2]	72	72	78	216	260	333	441	481	522	**599**
ESW Ring Road[1]	44	–	–	–	–	–	–	–	–	**–**
EBITDA	**1,398**	**1,439**	**1,487**	**1,686**	**1,730**	**1,545**	**1,627**	**1,602**	**1,705**	**1,859**
GS Superhighway	1,311	1,380	1,426	1,506	1,516	1,272	1,266	1,209	1,262	**1,343**
Western Delta Route[2]	62	59	61	180	214	273	361	393	443	**516**
ESW Ring Road[1]	25	–	–	–	–	–	–	–	–	**–**
Depreciation and amortisation	**(288)**	**(266)**	**(295)**	**(369)**	**(397)**	**(453)**	**(519)**	**(547)**	**(595)**	**(671)**
GS Superhighway	(266)	(257)	(286)	(311)	(333)	(360)	(384)	(394)	(414)	**(460)**
Western Delta Route[2]	(9)	(9)	(9)	(58)	(64)	(93)	(135)	(153)	(181)	**(211)**
ESW Ring Road[1]	(13)	–	–	–	–	–	–	–	–	**–**
Interest and tax	**(450)**	**(270)**	**(298)**	**(495)**	**(524)**	**(511)**	**(573)**	**(548)**	**(499)**	**(522)**
GS Superhighway	(351)	(241)	(275)	(363)	(371)	(296)	(291)	(268)	(277)	**(324)**
Western Delta Route[2]	(32)	(29)	(23)	(132)	(153)	(215)	(282)	(280)	(222)	**(198)**
ESW Ring Road[1]	(67)	–	–	–	–	–	–	–	–	**–**
Segment results[3]	**660**	**903**	**894**	**822**	**809**	**581**	**535**	**507**	**611**	**666**
GS Superhighway	694	882	865	832	812	616	591	547	571	**559**
Western Delta Route[2]	21	21	29	(10)	(3)	(35)	(56)	(40)	40	**107**
ESW Ring Road[1]	(55)	–	–	–	–	–	–	–	–	**–**
Segment corporate results[4]	**75**	**49**	**(34)**	**(16)**	**0**	**(5)**	**24**	**19**	**(8)**	**(17)**
Net exchange gain/(loss)	377	(3)	(4)	76	42	36	5	4	(82)	**(17)**
Gain on disposal of ESW Ring Road[1]	814	–	–	–	–	–	–	–	–	**–**
Profit for the year	1,926	949	856	882	851	612	564	530	521	**632**
Profit for the year attributable to:										
Owners of the Company	**1,909**	**933**	**841**	**866**	**836**	**601**	**553**	**520**	**511**	**623**
Non-controlling interests	17	16	15	16	15	11	11	10	10	**9**
Profit for the year	**1,926**	**949**	**856**	**882**	**851**	**612**	**564**	**530**	**521**	**632**

10-Year Financial Summary

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

	As at 30 June									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	**2017**
Interests in joint ventures	4,063	5,036	5,117	5,893	6,447	6,256	6,131	6,203	6,176	**5,172**
Loans to a joint venture	–	–	–	500	30	1,030	1,000	788	–	**–**
Bank balances and cash	5,275	2,447	2,158	2,856	3,756	1,480	814	574	652	**469**
Dividend receivable from a joint venture	939	1	113	252	279	167	166	86	19	**–**
Investment	–	–	–	–	–	5	5	5	5	**5**
Property and equipment	7	3	2	2	1	0	0	0	0	**0**
Other current assets	23	6	2	32	35	29	12	29	2	**3**
Total assets	**10,307**	**7,493**	**7,392**	**9,535**	**10,548**	**8,967**	**8,128**	**7,685**	**6,854**	**5,649**
Bank loans	–	–	–	21	1,058	602	698	237	–	**–**
Corporate bonds	–	–	–	1,980	1,980	600	–	–	–	**–**
PRC withholding tax liabilities	60	104	100	132	137	133	133	137	127	**80**
Other current liabilities	44	29	10	31	36	11	11	12	8	**12**
Total liabilities	**104**	**133**	**110**	**2,164**	**3,211**	**1,346**	**842**	**386**	**135**	**92**
Non-controlling interests	45	42	45	50	55	50	50	52	46	**31**
Equity attributable to owners of the Company	**10,158**	**7,318**	**7,237**	**7,321**	**7,282**	**7,571**	**7,236**	**7,247**	**6,673**	**5,526**

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

	Year ended 30 June									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	**2017**
Net cash used in operating activities	(43)	(35)	(25)	(46)	(46)	(42)	(38)	(38)	(42)	**(37)**
Net cash from (used in) investing activities	3,227	985	696	(1,150)	1,077	496	57	1,549	1,456	**1,642**
Net cash from (used in) financing activities	(1,231)	(3,795)	(929)	1,182	103	(2,240)	(1,435)	(1,001)	(1,336)	**(1,824)**
Net increase (decrease) in cash and cash equivalents	1,953	(2,845)	(258)	(14)	1,134	(1,786)	(1,416)	510	78	**(219)**
Cash and cash equivalents at the beginning of year	3,805	5,275	2,447	2,158	2,133	3,266	1,480	64	574	**652**
Effect of foreign exchange rate changes	(483)	17	(31)	(11)	(1)	0	0	0	0	**36**
Cash and cash equivalents at the end of year	5,275	2,447	2,158	2,133	3,266	1,480	64	574	652	**469**
Time deposits with original maturity over three months	–	–	–	723	490	–	750	–	–	**–**
Total bank balances and cash	**5,275**	**2,447**	**2,158**	**2,856**	**3,756**	**1,480**	**814**	**574**	**652**	**469**

Per Share Basis

	Year ended 30 June									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	**2017**
Basic earnings per share (RMB cents)	64.3	31.5	28.4	29.2	28.2	19.5	17.9	16.9	16.6	**20.2**
Dividend per share (RMB cents)										
– Interim	15.9	15.0	15.0	13.6	14.7	10.0	9.8	8.4	8.4	**8.6**
– Final	11.4	15.9	13.1	14.9	13.0	9.0	8.1	8.4	8.2	**11.6**
– Special	31.2	73.9	–	–	–	10.0	–	18.0	40.0	**10.0**
Net asset value per share (RMB)	3.4	2.5	2.4	2.5	2.5	2.5	2.4	2.4	2.2	**1.8**
Dividend payout ratio(5)	91%	98%	99%	98%	98%	97%	100%	100%	100 %	**100%**

Financial Ratios

	As at 30 June									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	**2017**
Return on equity attributable to owners of the Company	19%	13%	12%	12%	12%	8%	8%	7%	8%	**11%**
Prepared under Equity Method										
Total debt(6) to total assets	–	–	–	21%	29%	13%	9%	3%	–	**–**
Gearing ratio (Net debt(6) to equity attributable to owners of the Company)	–	–	–	–	–	–	–	–	–	**–**
Prepared under Proportionate Consolidation Method										
Total debt(7) to total assets	29%	37%	40%	46%	51%	46%	44%	42%	43%	**50%**
Gearing ratio (Net debt(7) to equity attributable to owners of the Company)	0%	30%	43%	57%	67%	74%	78%	71%	73%	**99%**

Notes:

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

(2) Phase II and Phase III of the Western Delta Route commenced operation on 25 June 2010 and 25 January 2013 respectively.

(3) The segment results represent the Group's share of results of joint ventures before exchange difference (net of related income tax) and net of withholding tax attributed to the dividend received from and the undistributed earnings of joint ventures.

(4) The segment corporate results represent the corporate results before corporate exchange difference and withholding tax attributed to the dividend received from and the undistributed earnings of joint ventures.

(5) Excluding extraordinary special dividend for FY09 and special final dividend for FY08, FY13, FY15, FY16 and FY17.

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

(7) Under proportionate consolidation method, total debt include bank loans of the Group, bank and other loans of joint ventures, balance with a joint venture partner and corporate bonds of the Group. Net debt is defined as total debt less the bank balances and cash of the Group and joint ventures together with pledged bank balances and deposits of the joint ventures as at the reporting date.

Chairman's Statement

I am pleased to report the Group's results for the financial year ended 30 June 2017. The Group's shared aggregate net toll revenue increased by 8% from RMB2,002 million to RMB2,159 million. This was mainly due to the continuous healthy growth in toll revenue of the GS Superhighway and the Western Delta Route.

The aggregate EBITDA of toll expressways grew by 9%, from RMB1,705 million to RMB1,859 million. The Group's net profit from its toll road projects increased by 9% from RMB611 million to RMB666 million. Meanwhile, the profit attributable to owners of the Company increased by 22% from RMB511 million to RMB623 million. Basic earnings per share for the year increased by 22% from the previous year's RMB16.59 cents to RMB20.21 cents.

Final Dividend and Special Final Dividend

The Board has proposed a final dividend of RMB11.6 cents per share (equivalent to HK13.58986 cents per share at the exchange rate of RMB1:HK$1.17154) and a special final dividend of RMB10 cents per share (equivalent to HK11.71540 cents per share at the exchange rate of RMB1:HK$1.17154) for the financial year ended 30 June 2017. Together with an interim dividend of RMB8.6 cents per share that has already been paid, the total regular dividends for the year will amount to RMB20.2 cents per share. This represents an increase of 22% on the last financial year's total regular dividends of RMB16.6 cents per share. Excluding the special final dividend of RMB10 cents per share, the Company's total dividend for the year represents a regular dividend payout ratio of 100% of the Company's profit attributable to owners of the Company and will be the same as that of the previous year.

Subject to shareholders' approval at the 2017 Annual General Meeting to be held on Thursday, 26 October 2017, the proposed final dividend and special final dividend will be paid on Monday, 4 December 2017 to shareholders of the Company who are registered at the close of business on Wednesday, 1 November 2017.

If the proposed final dividend and special final dividend are approved by the shareholders at the 2017 Annual General Meeting, they 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 Wednesday, 16 August 2017 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 Tuesday, 21 November 2017. **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' eligibility to attend and vote at the 2017 Annual General Meeting to be held on Thursday, 26 October 2017, the Register of Members of the Company will be closed from Thursday, 19 October 2017 to Thursday, 26 October 2017, 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 2017 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 Wednesday, 18 October 2017.

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 Wednesday, 1 November 2017, if and only if the proposed final dividend and special final dividend are approved by the shareholders at the 2017 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 Tuesday, 31 October 2017.

Business Review

During the year under review, global economic and political uncertainties continued to weigh on the world economy. The US interest rate hike cycle, the new presidency of the US, and Brexit have casted doubt to the recovery of global economy.

On the contrary, the PRC economy continued to grow healthily. Proactive fiscal and monetary policies were implemented by the PRC government to boost domestic consumption and large-scale infrastructure investments to support the local economy, which achieved GDP growth of 6.7% in 2016 within the government's target range of 6.5% to 7.0%. Such growth momentum carried over to the first and second quarters of 2017, with GDP growth rates both reaching 6.9% yoy.

During the year under review, the aggregate average daily toll revenue of the GS Superhighway and the Western Delta Route grew 8% yoy to RMB12.5 million and the aggregate total toll revenue amounted to RMB4,579 million.

The average daily toll revenue and average daily full-length equivalent traffic of the GS Superhighway increased by 6% and 8% yoy to RMB9.2 million and 99,000 vehicles respectively, indicating that growth momentum is persistent. The average daily toll revenue and average daily full-length equivalent traffic of the Western Delta Route reached historical high and grew 15% and 17% yoy to RMB3.4 million and 47,000 vehicles respectively.

Corporate Sustainability

The Group believes that promoting sustainability is as important as achieving long-term business growth. It is committed to continuous efforts to maintain a high degree of sustainability in its operations. Moreover, it values opportunities to learn more about the needs and expectations of the communities in which it operates, as well as those of other stakeholders. The Group has established a formal stakeholder engagement process and a Sustainability Steering Committee to strengthen its management's efforts to promote sustainability through good corporate governance, environmental protection, community investment and workplace practices.

To demonstrate its commitment to transparency and accountability to its stakeholders, the Company will issue an independently verified Sustainability Report under the Environmental, Social and Governance (ESG) Reporting Guide of the Stock Exchange. The report will present its company-wide commitment to sustainable development during the year under review, and it will cover the significant economic, environmental and social achievements and impact arising from the activities of the Group and its JVs.

Prospects

Given the volatile global market environment, recovery of the world economy has been slower than expected. The rise of protectionism and de-globalisation around the globe, policies under the new US presidency, the pace of US interest rate hike, the unclear Brexit process, and upcoming elections across Europe will all impact the growth of global economy. The Group will closely monitor the evolving market environment and be prepared to face various challenges ahead.

In view of the unstable global economic environment, the PRC government continues to transform structurally to a consumption-driven, innovative, technology-advanced and environmentally-sustainable growth economy. In order to support its initiative to sustain GDP growth, the PRC government is striking a balance between restricting credit in speculative buying to curb "asset bubbles" while supporting the property market with domestic consumption. The government's continuous efforts towards reducing taxes and levies, deepening supply-side structural reform, liberalizing financial services and internationalizing RMB will altogether provide a healthy and steady growth driver to the PRC economic development.

The Belt and Road initiative strategically connects PRC, ASEAN, Middle East, as well as Central and Eastern European countries through international co-operation and infrastructure projects. It encourages free flows of information, finance and goods by gradually removing investment and trade barriers. In the long run, it will promote mutual trust and co-development in the areas of economics, finance, transport, tourism, technology and academy which will ultimately result in prosperity of the nations along the regions.

In addition, the strategic regional development scheme Guangdong-Hong Kong-Macao Bay Area ("Bay Area"), which was tailor-made by the PRC government as part of the 13th Five-Year Plan, is designed to strengthen infrastructure linkages and stimulate economic cooperation among Guangdong-Hong Kong-Macao region. It is expected that the GS Superhighway and the Western Delta Route can benefit from the fostered economic development. Hong Kong can leverage on its advantage as an international and domestic financial hub to capitalize the opportunities arising from the Belt and Road and Bay Area initiatives. Furthermore, the recent admission of Hong Kong as a new member of the Asian Infrastructure Investment Bank will further reinforce its position as a premier international financial centre.

The registered car population of Guangdong continued to record healthy growth, increasing by 14% yoy and reaching a new record high of 16.8 million vehicles at the end of 2016. The growth in demand for road usage continues to outpace the growth of expressway length. These, together with the prosperous economic development of the PRD are expected to sustain growth of the Group's expressways.

Chairman's Statement

Growth momentum of the GS Superhighway and the Western Delta Route persists. The Western Delta Route is the most direct and convenient artery in the regional expressway network that covers the most prosperous and populous cities on the western bank of the PRD, including Guangzhou, Foshan, Zhongshan and Zhuhai. It offers a convenient access to the Hengqin State-level Strategic New Zone, and via its connection with the forthcoming HZM Bridge to Hong Kong. Upon completion of the HZM Bridge, traffic flow to and fro Hong Kong and western PRD will be further stimulated. This, together with the strategic Bay Area initiative, is expected to facilitate the urbanization pace of cities in the western PRD region, which will help lift economic growth of the region and benefit the Group in the long term.

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

Sir Gordon Ying Sheung WU KCMG, FICE
Chairman

Hong Kong, 16 August 2017

Profile of Directors

Executive Directors

Sir Gordon Ying Sheung WU KCMG, FICE

Aged 81, he is the Chairman of the Board since July 2003 and is a director of various subsidiaries of the Company. He is also a director of Anber Investments Limited, Delta Roads Limited, Dover Hills Investments Limited and Supreme Choice Investments Limited and the Chairman of HHL, all of them are substantial shareholders of the Company within the meaning of Part XV of the SFO.

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 (Fellow)
— The Hong Kong Institution of Engineers (Honorary 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 (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, Macau (Honorary Doctor of Business Administration)
— University of Manitoba, Canada (Honorary Degree of Doctor of Laws)
— The Hong Kong Institute of Education (retitled as "The Education University of Hong Kong"), Hong Kong (Honorary Degree of Doctor of Social Sciences)

His additional awards and honours include:

Awards and Honours	**Year Awarded**
The HKIE Gold Medal 2015 by the Hong Kong Institution of Engineers	2015
The Lifetime Achievement Award of 2013 Hong Kong Business Awards by the South China Morning Post and DHL	2013
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, 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 Hong Kong Government	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
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 84, 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 Mainland China, 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 JP

Aged 44, he has been an Executive Director of the Company since January 2003 and was appointed as the Managing Director of the Company in July 2003. He is also 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. In 2015, he was conferred an honorary fellowship by Lingnan University.

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 11th Chinese People's Political Consultative Conference and was a Standing Committee member and a member of the Huadu District Committee of The Chinese People's Political Consultative Conference, among other public service capacities.

In Hong Kong, Mr. WU's major public service appointments include being a member of the Hong Kong Tourism Board, a member of the Standing Committee on Disciplined Services Salaries and Conditions of Service of the Hong Kong Government, a member of the Energy Advisory Committee of the Environment Bureau of the Hong Kong Government, a member of the Committee on Real Estate Investment Trusts of Securities and Futures Commission and a Vice Patron of the Community Chest of Hong Kong. He is also 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 Resorts & Entertainment Limited, a company listed on NASDAQ Global Select Market in USA. Previously, he was a council member of The Hong Kong Polytechnic University and the Hong Kong Baptist University, a member of the Court of The Hong Kong University of Science and Technology and a board member of the Asian Youth Orchestra.

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 the International Ice Hockey Federation, Co-founder and Chairman of the Hong Kong Amateur Hockey Club and Hong Kong Academy of Ice Hockey, as well as Chairman of the Hong Kong Ice Hockey Officials Association. He is also the Honorary President of the Hong Kong Ice Hockey Association — the national sports association of ice hockey in Hong Kong, Vice Chairman 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 "Asia's Best CEO (Investor Relations)" in 2012, 2013 and 2014.

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

Mr. Alan Chi Hung CHAN

Aged 58, he has been an Executive Director of the Company since January 2003 and was appointed as the Deputy Managing Director in July 2003. He is also a director of various subsidiaries of the Company. He is a Chartered Fellow of the Chartered Institute of Logistics and Transport. 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 a member of the 7th Guangzhou Tianhe District Committee of The Chinese People's Political Consultative Conference. He was a member of the Remuneration Committee of the Company during the period from 3 May 2011 to 26 August 2015 and an Executive Director of HHL during the period from 1 January 2002 to 25 July 2003.

Independent non-executive Directors

Professor Chung Kwong POON GBS, JP, PhD, DSc

Aged 77, 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 obtained a Bachelor of Science (honours) degree from the University of Hong Kong, a Doctor of Philosophy degree and a Higher Doctor of Science degree from the University of London. He was a postdoctoral fellow at The California Institute of Technology, University of Southern California and Toronto University. He also held the Honorary Degree of Doctor of Humanities from The Hong Kong Polytechnic University in 2009. Professor POON is currently the Chairman of Virya Foundation Limited (a registered non-profit charitable organization) and he is the President Emeritus and Emeritus Professor 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 by the Hong Kong Government and also the "Leader of the Year Awards 2008 (Education)".

Professor POON is a Non-executive Director of Lee & Man Paper Manufacturing Limited and an Independent Non-executive Director of Henderson Land Development Company 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. He was an Independent Non-executive Director of K. Wah International Holdings Limited (2009–2015), which is 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).

Profile of Directors

Mr. Yuk Keung IP

Aged 65, 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. He is also an Independent Non-executive Director and a member of the Audit Committee of HHL. 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 the 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 North Asia Real Estate Head, Hong Kong Corporate Bank Head, Head of transaction Banking — Hong Kong and Head of Asia Regional Investment Finance of Global Wealth Management. He was a Managing Director of Investments at Merrill Lynch (Asia Pacific).

Mr. IP is the Executive Director and Chief Executive Officer of LHIL Manager Limited which is the trustee-manager of Langham Hospitality Investments, and Langham Hospitality Investments Limited, and a Non-executive Director of Eagle Asset Management (CP) Limited, as manager of Champion Real Estate Investment Trust. He is also an Independent Non-executive Director of TOM Group Limited, Power Assets Holdings Limited and Lifestyle International Holdings Limited. All the companies mentioned above except for LHIL Manager Limited and Eagle Asset Management (CP) Limited, are listed on the Stock Exchange, and Langham Hospitality Investments is a listed fixed single investment trust and Champion Real Estate Investment Trust is a listed real estate investment trust. In addition, he was an Independent Non-executive Director of New World China Land Limited, which was de-listed from the Stock Exchange on 4 August 2016, from December 2012 to August 2016, and AEON Credit Service (Asia) Company Limited, which is listed on the Stock Exchange, from September 2013 to September 2016.

Mr. IP is an Honorary Professor of Business of Lingnan University, an Adjunct Professor of The Hong Kong Polytechnic University, City University of Hong Kong, University of Macau and Hang Seng Management College, an Advisory Board Member of Faculty of Business and Department of Accountancy at Lingnan University, a Council Member of The Hong Kong University of Science and Technology, a member of the International Advisory Committee at University of Macau, an Executive Fellow in Asia and a Chairman of the International Regional Cabinet in Hong Kong at Washington University in St. Louis and a Vice Chairman of the Board of Governors of World Green Organization Limited. He is a member of the Committee on Certification for Principalship under the Education Bureau of the Hong Kong Government.

Mr. IP holds a Bachelor of Science degree at Washington University in St. Louis (summa cum laude) and Master of Science degrees at Cornell University and Carnegie-Mellon University. He is an Honorary Fellow of Vocational Training of Council.

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, real estate finance and hospitality industries, Mr. IP was invited to re-join the board of the Company and HHL in July 2011 and April 2015 respectively.

Mr. Brian David Man Bun LI JP

Aged 42, 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 further appointed as a member of the Remuneration Committee of the Company on 26 August 2015. Mr. LI is an Executive Director & Deputy Chief Executive of The Bank of East Asia, Limited ("BEA"), a company listed on the Stock Exchange. He was General Manager & Head of Wealth Management Division of BEA from July 2004 to March 2009, and was appointed Deputy Chief Executive in April 2009. He was further appointed Executive Director of BEA in August 2014. Mr. LI is currently an Independent Non-executive Director of Towngas China Company Limited and China Overseas Land & Investment Limited, both of which are listed on the Stock Exchange.

Mr. LI holds a number of public and honorary positions, including being a member of the Twelfth National Committee of the Chinese People's Political Consultative Conference, Chairman of the Traffic Accident Victims Assistance Advisory Committee of the Hong Kong Government, a member of the Aviation Development and Three-runway System Advisory Committee of the Hong Kong Government, and a member of Market Development Committee, Financial Services Development Council of the Hong Kong Government.

Mr. LI is a member of the Hong Kong-Europe Business Council, a member of the Hong Kong-Taiwan Business Co-operation Committee, a member of the Asian Financial Forum 2018 Steering Committee, a committee member of the Hong Kong Chapter, the Institute of Chartered Accountants in England and Wales (the "ICAEW"), a member of the Inaugural Financial Consulting Committee for Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen, and a council member of The Hong Kong Management Association.

Mr. LI is a fellow of the Hong Kong Institute of Certified Public Accountants and a full member of the Treasury Markets Association. Mr. LI is also a fellow of the ICAEW. He holds an MBA degree from Stanford University as well as MA and BA degrees from the University of Cambridge.

Profile of Directors

Mr. Alexander Lanson LIN

Aged 44, he has over 20 years of experience in finance and asset management. He has been serving as a director of Les Enphants Co., Ltd. ("Les Enphants"), a public company listed on the Taiwan Stock Exchange, since May 2002, and serving as vice-chairman since June 2014, and was re-designated as chairman of Les Enphants since 23 March 2017. He is also the chairman of Shanghai Les Enphants Children Articles Co., Ltd., Shanghai Lead Han Trading Co., Ltd and Suzhou Les Enphants Logistics Co., Ltd. since December 2015 respectively. He was a senior portfolio manager of OCP Asia (Hong Kong) Limited from October 2009 to October 2016 and was a responsible officer of OCP Asia (Hong Kong) Limited from December 2009 to March 2013. Prior to joining OCP Asia (Hong Kong) Limited, Mr. LIN was a managing director of Credit Suisse (Hong Kong) Limited from November 1997 to April 2009 and one of its responsible officers from October 2003 to January 2009. Mr. LIN graduated with a Bachelor of Arts degree with a concentration in International Relations from Cornell University, US in May 1995. He is a chartered financial analyst (CFA).

Business Review

During the year under review, the aggregate average daily toll revenue of the GS Superhighway and the Western Delta Route grew by 8% yoy to RMB12.5 million and the aggregate total toll revenue amounted to RMB4,579 million.

The growth momentum of the GS Superhighway is persistent ever since the second half of FY15. During the year under review, its average daily toll revenue increased by 6% yoy to RMB9.2 million, which set a new high after the tariff cut in June 2012. Meanwhile, the average daily full-length equivalent traffic grew by 8% yoy to 99,000 vehicles and reached historical high. The growth was supported by the healthy economic environment in the PRD region.

The average daily toll revenue and average daily full-length equivalent traffic of the Western Delta Route, amounting to RMB3.4 million and 47,000 vehicles, reached historical high with strong yoy growth of 15% and 17% respectively. The strong performance was supported by the healthy economic environment in the PRD region, and positive impacts generated from maintenance and upgrading works on National Highway 105 and local roads nearby from mid-August 2016 to the end of 2019.

Starting from FY17 annual results, information on the Western Delta Route will be disclosed as a whole. Disclosure has been simplified to reflect the full operation of the Western Delta Route, since it was fully opened in January 2013 and turned profitable since FY16.

The Group's shared aggregate net toll revenue increased by 8% yoy to RMB2,159 million during the year under review, with the GS Superhighway and the Western Delta Route contributing 72% and 28% respectively, compared to 74% and 26% respectively in FY16.

Financial Year	*2016*	***2017***	*% Change*
At JV company level			
GS Superhighway			
Average Daily Toll Revenue# (RMB '000)	8,682	**9,169**	+6%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles '000)	92	**99**	+8%
Western Delta Route			
Average Daily Toll Revenue# (RMB '000)	2,941	**3,377**	+15%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles '000)	40	**47**	+17%

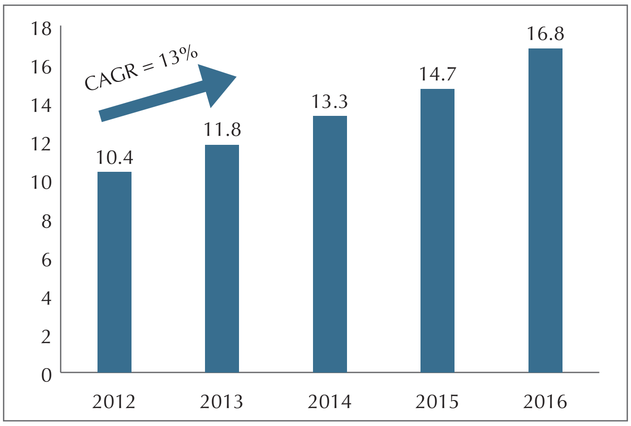
\# Including tax

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

Economic Environment

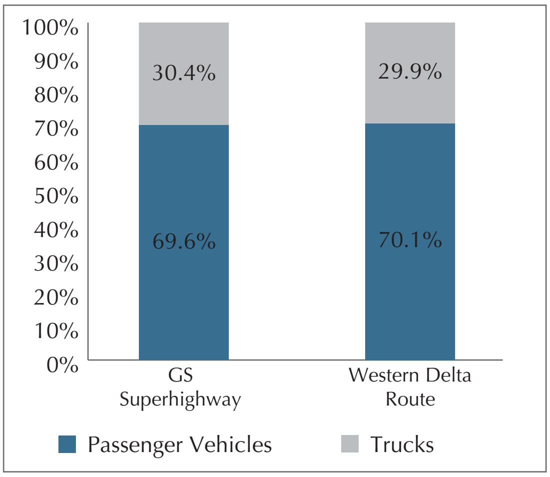
From 2012 to the end of 2016, total length of expressways in Guangdong reached 7,683 km with a compound annual growth rate of 9%. On the other hand, continuous demand for road usage was caused by growing registered car population, which achieved a compound annual growth of 13% during the same period and grew by 14% yoy to a record high of 16.8 million vehicles at the end of 2016. The growth rate of toll road supply is far lagging behind the demand in Guangdong. Healthy economic development and rising registered car population that generate sustainable demand for road usage will continue to support the growth of the Group's expressways.

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

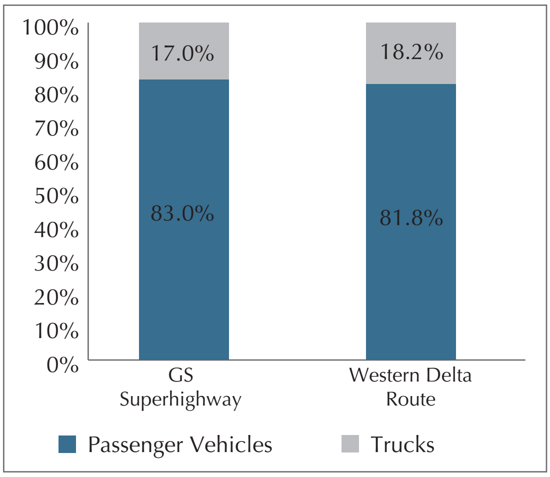


According to the China Association of Automobile Manufacturers, annual vehicle sales in Mainland China surged by 14% to a historical high of approximately 28 million units in 2016, supported by a purchase tax cut from 10% statutory rate to 5% for passenger cars with engines no larger than 1.6 litres that was implemented since 1 October 2015. Mainland China remains the largest vehicle sales market in the world for the eighth consecutive year since 2009. At the end of 2016, its registered car population had already exceeded 180 million units and the number of vehicles keeps on rising. In the first half of 2017, vehicle sales increased moderately by 4% to approximately 13 million units as the tax benefit was reduced. The purchase tax rate increases to 7.5% in 2017 from 5% in 2016, and will rise to the pre-tax cut statutory level of 10% in 2018. The Company believes that the GS Superhighway and the Western Delta Route will continue to benefit from the growth of car population in Mainland China and Guangdong, which is driven mainly by the growth of passenger car sales.

Toll Revenue Contribution (FY17)



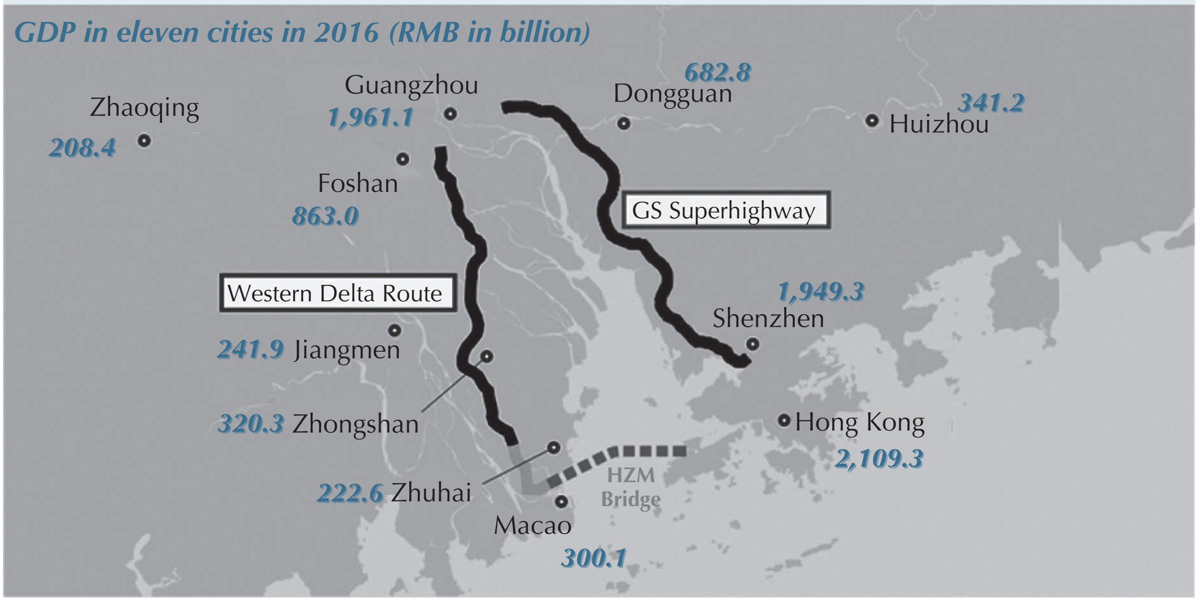
Full-Length Equivalent Traffic Contribution (FY17)



The continuation of supply-side structural reforms in Mainland China provides a sustainable environment to support its economic growth. Mainland China and Guangdong achieved GDP growth of 6.7% and 7.5% in 2016 respectively. The strong momentum carried on in the first half of 2017 with the GDP growth of Mainland China and Guangdong maintaining at 6.9% and 7.8%, which exceeded the respective targets of around 6.5% and above 7%.

The strategic regional development scheme — Guangdong-Hong Kong-Macao Bay Area ("Bay Area"), was first addressed in the 13th Five-Year Plan (2016–2020) by the PRC government. It was designed to strengthen infrastructure linkages and stimulate economic cooperation in the city cluster, which includes Hong Kong, Macao, and nine cities in Guangdong Province. The economic development in the Bay Area will be further boosted in the coming years. The GS Superhighway and the Western Delta Route, which perfectly connect most of the populous cities in the Bay Area, are expected to benefit from the fostered economic development.

Guangdong-Hong Kong-Macao Bay Area

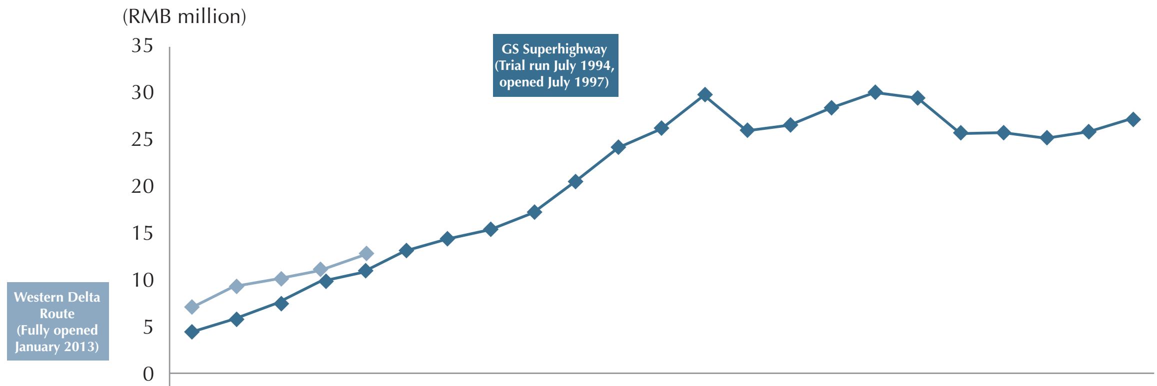


Source: PRC State Council, Statistics Bureau of Guangdong Province, HKSAR Census and Statistics Department, Government of Macao SAR Statistics and Census Service

Growth Potential of the Western Delta Route

The Western Delta Route is the most direct and convenient expressway artery in the regional expressway network on the western bank of the PRD region, running from north to south through the most prosperous and populous cities namely Guangzhou, Foshan, Zhongshan and Zhuhai. It offers direct and convenient access to the Hengqin State-level Strategic New Zone and the forthcoming HZM Bridge through an expressway network at its southern end. It has been achieving healthy growth since opening. Given its locational advantages on the western bank of the PRD, it is well positioned to benefit from the prosperous economic development of the region.

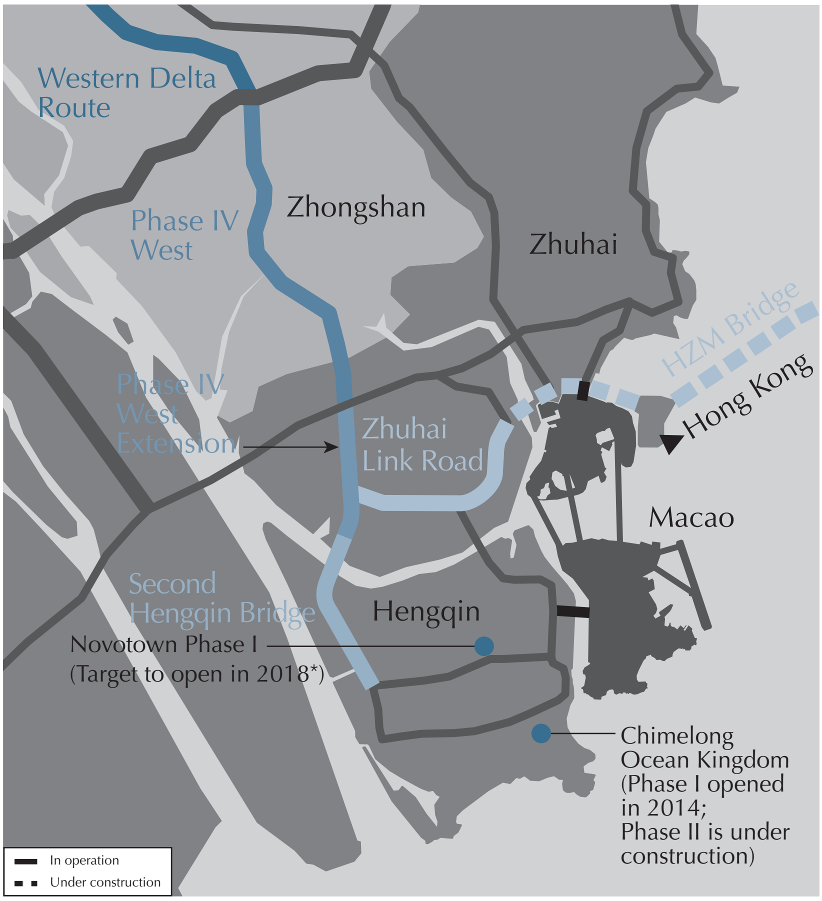
Western Delta Route — Annual Toll Revenue* Per Km



Opening Year / RMB'm	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23
GS Superhighway (FY95)	4.4	5.8	7.5	9.8	10.8	13.1	14.4	15.4	17.2	20.6	24.2	26.2	29.8	26.0	26.6	28.5	30.1	29.5	25.7	25.8	25.2	25.9	27.3
Western Delta Route (FY13)	7.0	9.3	10.1	11.0	12.6																		

* Including tax

The Western Delta Route is located at the heart of western PRD and runs along its central axis. It is well connected with the Guangzhou Ring Road, Guangzhou-Gaoming Expressway, Guangzhou Southern Second Ring Road, Zhongshan-Jiangmen Expressway, Western Coastal Expressway, and will link up with not only the forthcoming HZM Bridge, but also the Guangzhou-Zhongshan-Jiangmen Expressway, Humen Second Bridge and Shenzhen-Zhongshan Corridor (these infrastructures will open to traffic by 2019, 2019 and 2024 respectively, according to the media reports) to form a comprehensive regional expressway network. In the first quarter of 2017, an expressway link between the southern end of the Western Delta Route and Second Hengqin Bridge was opened to traffic, which strengthens Western Delta Route's position as the most convenient and the only expressway artery facilitating traffic to and fro Guangzhou and Hengqin. In addition, the Zhuhai Link Road, which is connected to the southern end of Phase IV West Extension and the HZM Bridge, was partially opened to traffic on 9 September 2016. It provides a direct linkage to the city centre of Zhuhai and will further connect to the HZM Bridge after full completion. The Company believes that good connectivity will provide continuous and stable traffic flow to the Western Delta Route.



* According to media

The HZM Bridge will provide a convenient link between Hong Kong and western PRD. Upon its completion, western PRD cities will fall into a 3-hour commuting radius from Hong Kong. With an enhanced transportation network in the vicinity, the bridge will improve the surrounding cities' geographical advantages as well as competitiveness, and attract new business opportunities in the region. The cross border passenger and freight traffic between western PRD and Hong Kong will be stimulated due to a more convenient land transport and shorter travelling time. The travelling time between Hong Kong and Zhuhai will be substantially reduced to approximately 30 minutes via the HZM Bridge in the future instead of spending as much as 4 hours by land or over 1 hour by sea currently. As a result, traffic flow in western PRD, in particular the related feeder traffic, will be boosted subsequent to the opening of the HZM Bridge. With reference to the opening of the Hong Kong-Shenzhen Western Corridor in 2007, the number of cross-border licenses for private cars has been increasing significantly to make use of the enlarged capacity of the border crossings. It is expected that more private car cross-border licenses will be issued for the HZM Bridge border crossing shortly after its opening and it will provide impetus to the traffic growth of the Western Delta Route. The HZM Bridge's opening will further foster the region's economic development and integration, thereby benefiting the Western Delta Route.

Hengqin in Zhuhai is the third State-level Strategic New Zone following Shanghai's Pudong District and Tianjin's Binhai District in China. It is also being incorporated as part of the China (Guangdong) Pilot Free Trade Zone which was established in April 2015. Hengqin is being positioned as a new growth hub focusing on the development of business services, tourism, entertainment and technological research. Numerous key development projects, including commercial landmarks, hotels and tourist attractions, will be completed in the coming few years. According to the media reports, the committed total project investments in Hengqin have reached over RMB340 billion as of June 2017. Among which, Chimelong International Ocean Tourist Resort is one of the signature projects and the major contributor to tourism in Hengqin. Chimelong Ocean Kingdom, its leading theme park, welcomed approximately 8.5 million tourists in 2016 at an annual growth rate of 13%. The expansion of the resort has been actively underway with a total investment of over RMB50 billion. It is planned to accommodate approximately 50 million visitorship annually after the expansion is completed. Moreover, phase one of Lai Sun Group's Novotown, another signature project focusing on culture and recreation industries with theme hotels, targets to open in late 2018 according to the media. The project is expected to attract 5 million visitors in its first year of operation. By the end of 2016, the Macao government altogether recommended 83 local projects to the Hengqin authority for development in the Guangdong-Macao Cooperation Industrial Park. The committed project investments are expected to exceed RMB200 billion. 13 projects have started construction and will be completed from 2018 onwards as reported by the media. In addition, Zhuhai has become a premier venue for holding international events. The China International Circus Festival will be held annually instead of biennially since 2016 while Airshow China will remain a biennial event to be held in Zhuhai. The Western Delta Route will benefit from the progressive development in Hengqin which strengthens the demand for transportation in the region.

Hengqin's Developments

CY	2014 – 2020 >>>
Projects	
Chimelong International Ocean Tourist Resort Phase 1	Opened in March 2014
Chimelong International Ocean Tourist Resort Phase 2	Target opening in 2020*
Phase I of Lai Sun Group's Novotown	Target opening in end-2018*
Ferretti Yacht Asia-Pacific Center	Target opening in 2018*
Guangdong-Macao Cooperation Industrial Park	Target completion from 2018 onwards*
Infrastructure	
Macao Cotai-Hengqin Border Crossing 24-hour opening	Since December 2014
Hengqin Second Bridge	Opened in December 2015

* According to media

On the other hand, newly established gaming resorts and hotels in Macao also help to promote tourism. Since 2015, new projects in Cotai, namely Galaxy Macau Phase Two, Studio City, Wynn Palace and the Parisian Macao, help to attract more tourists and they altogether provide a total of over 7,500 guest rooms. Besides, there are other notable projects still under construction. MGM Cotai is expected to open in the fourth quarter of 2017 offering approximately 1,400 hotel rooms, while Grand Lisboa Palace will open in the second half of 2018 with a supply of approximately 2,000 rooms according to the media reports. These new landmarks will provide fresh experience of entertainment and hospitality in the region, propelling a second wave of growth in Macao's tourism. Furthermore, after the implementation of 24-hour opening of border crossing for passengers and passenger cars between Macao and Hengqin since 18 December 2014, the cross border traffic flow is boosted. The average daily cross border passenger flow and vehicular traffic between Cotai and Hengqin grew robustly by 69% and 23% to 24,000 journeys and 3,000 vehicles respectively in 2016 when compared to 2014. The Western Delta Route, being the most direct and convenient expressway from Guangzhou to Hengqin and Macao, will benefit from the increased demand for passenger and freight transportation brought along by the developments of the region.

Latest Update in Toll Road Industry

Toll discount for trucks in state-owned expressways

Two major state-owned toll road investors and operators in Guangdong Province, Guangdong Provincial Communication Group Company Limited and Guangdong Nanyue Transportation Investment and Construction Company Limited jointly announced on 29 June 2017 that their 43 state-owned expressways in Guangdong would offer 15% toll discount for trucks using Guangdong Unitoll Card for toll payments starting from 1 July 2017 in order to lower the cost of the logistics industry. The toll discount for trucks is not applicable to the GS Superhighway and the Western Delta Route. The Company will closely monitor the situation.

Regulation on the Administration of Toll Roads (Amendment Proposal)

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

Guangzhou-Shenzhen Superhighway

Project Summary

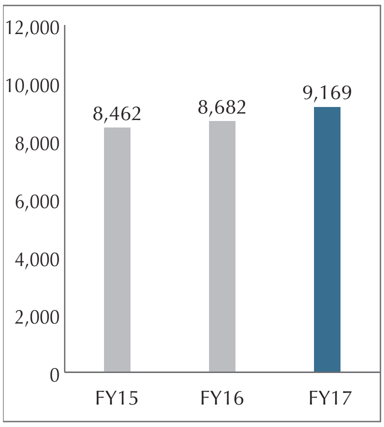
Location	Guangzhou to Shenzhen, Guangdong, PRC
Length	122.8 km
Lanes	A total of 6 lanes in dual directions, except for certain sections being 10 lanes
Class	Expressway
Toll Collection Period	July 1997 – June 2027
Profit Sharing Ratio	Year 1 – 10: 50% Year 11 – 20: 48% Year 21 – 30: 45%

The GS Superhighway is the main expressway connecting the PRD region's three major cities — Guangzhou, Dongguan, Shenzhen and Hong Kong. After the full opening of the Coastal Expressway at the end of 2013, the GS Superhighway returned to positive growth ever since the second half of FY15. During the year under review, steady growth has been maintained. The average daily toll revenue increased by 6% yoy to RMB9.2 million, which set a new high after the tariff cut in June 2012. Its total toll revenue amounted to RMB3,347 million. The average daily full-length equivalent traffic on the GS Superhighway rose by 8% yoy to 99,000 vehicles and reached the historical high. When comparing with the new historical peak at 121,000 vehicles recorded on 14 September 2016, there is still 22% room for traffic growth on the GS Superhighway. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 69.6% and 83.0% of the GS Superhighway's toll revenue and full-length equivalent traffic volume respectively. The solid economic environment in Guangzhou, Dongguan and Shenzhen with GDP growth of 7.9%–8.8% in the first half of 2017 supported the growth of the GS Superhighway.

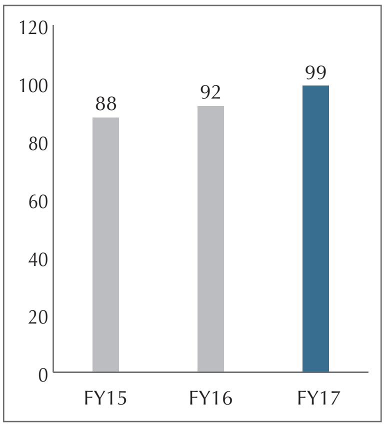
The implementation of traffic restriction measures in the peripheral area of Shenzhen Bay border crossing due to road network upgrade works since mid-October 2016 has diverted some passenger cars to travel on the GS Superhighway and the impact has been minimal so far. The construction period of the aforesaid works has been prolonged to complete in mid-October 2017 and the Group will continue to monitor its impact.

Nanguang Expressway and Longda Expressway (Shenzhen section), which are parallel to Taiping to Nantou section of the GS Superhighway, became toll-free since 7 February 2016. It generated a slight positive impact on the GS Superhighway afterwards. One year after the toll-free measures became effective, the stimulation on the yoy growth of the related sections of the GS Superhighway had diminished.

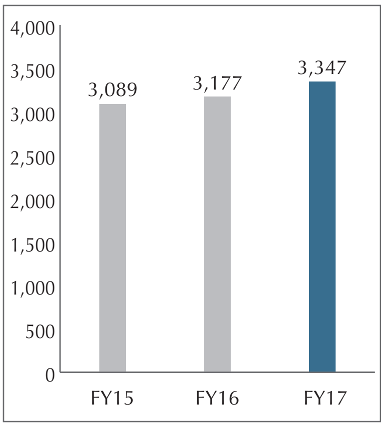
Average Daily Toll Revenue#
(RMB thousand)



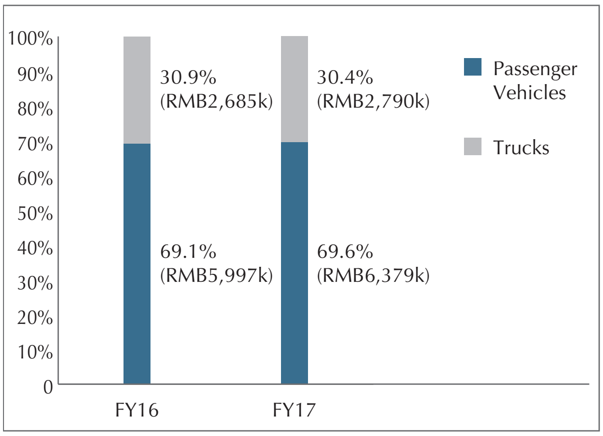
Average Daily Full-Length Equivalent Traffic
(No. of vehicles in thousand)



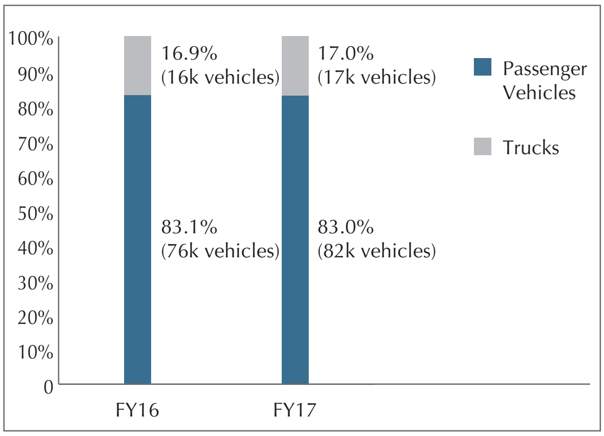
Annual Toll Revenue#
(RMB million)



Average Daily Toll Revenue Breakdown by Vehicle Type

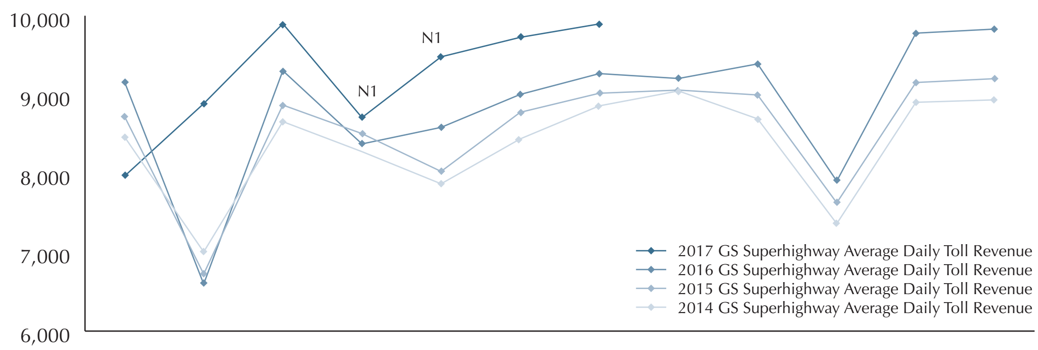


Average Daily Full-Length Equivalent Traffic Breakdown by Vehicle Type



Including tax

GS Superhighway Average Daily Toll Revenue (Monthly)
(RMB thousand)



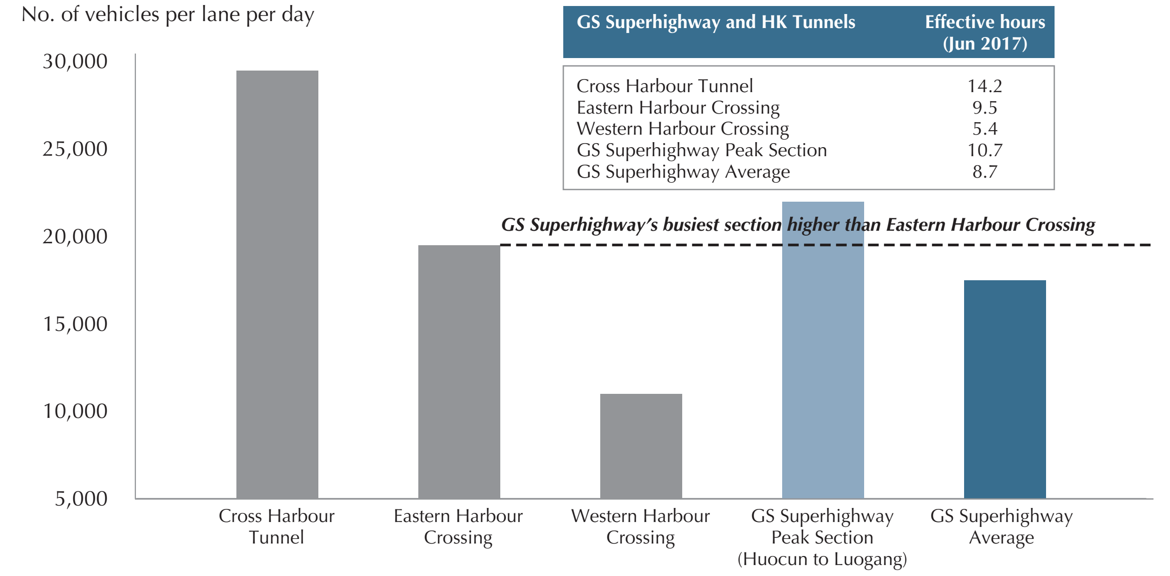
	Jan + Feb (Lunar New Year)	Mar	Apr (Ching Ming Festival)	May (Labour Holiday)	Jun	Jul	Aug	Sep + Oct (National Holiday)	Nov	Dec	CY Yearly Average	yoy change	
												1HCY	2HCY
2014	7,770	8,657	8,276	7,868	8,438	8,857	9,046	8,017	8,903	8,933	8,384	-5%	-6%
2015	7,774	8,867	8,505	8,025	8,775	9,017	9,057	8,300	9,153	9,202	8,567	+2%	+2%
2016	7,921	9,303	8,374	8,584	9,002	9,266	9,204	8,634	9,779	9,831	8,875	+3%	+4%
2017	8,402	9,899	8,708	9,479	9,726	9,896						+7%	

	Jan + Feb	Mar	Apr	May	Jun	Jul	Aug	Sep + Oct	Nov	Dec	CY Yearly Average
2016 vs 2015 yoy	+2%	+5%	–2%	+7%	+3%	+3%	+2%	+4%	+7%	+7%	+4%
2017 vs 2016 yoy	+6%	+6%	+4%	+10%	+8%	+7%					

N1: April: one more day of toll-free holiday in 2017 compared to 2016; May: one less day of toll-free holiday in 2017 compared to 2016

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

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



GS Superhighway and HK Tunnels	Effective hours (Jun 2017)
Cross Harbour Tunnel	14.2
Eastern Harbour Crossing	9.5
Western Harbour Crossing	5.4
GS Superhighway Peak Section	10.7
GS Superhighway Average	8.7

Remarks:
1) Effective hour = no. of vehicles per lane / 2,000 cars per hour per lane
2) 10 lanes in dual directions in Wudianmei to Taiping and Hezhou to Fuyong sections after expansion for the GS Superhighway
3) Average daily traffic of HK tunnels (May 2017): Cross Harbour Tunnel 113,000, Eastern Harbour Crossing 76,000, Western Harbour Crossing 65,000
4) Average daily traffic of GS Superhighway (June 2017)

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

The GS Superhighway officially opened to traffic in July 1997 and FY17 was the twentieth anniversary of operation. Pursuant to the joint venture agreement, the Group's profit sharing ratio in the GS Superhighway JV has been adjusted from 48% to 45% starting from 1 July 2017 for the next ten years.

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

Western Delta Route

Project Summary

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

The Western Delta Route was developed in three phases and it was fully opened to traffic on 25 January 2013. It is a 97.9-km closed expressway with a total of 6 lanes in dual directions that runs from north to south along the central axis of western PRD and connects four major cities — Guangzhou, Foshan, Zhongshan and Zhuhai. It is the only main expressway artery between the city centres of Guangzhou and Zhuhai, and offers the most convenient access to Hengqin, Macao and Hong Kong through its connection with Second Hengqin Bridge, the Zhuhai Link Road and the forthcoming HZM Bridge.

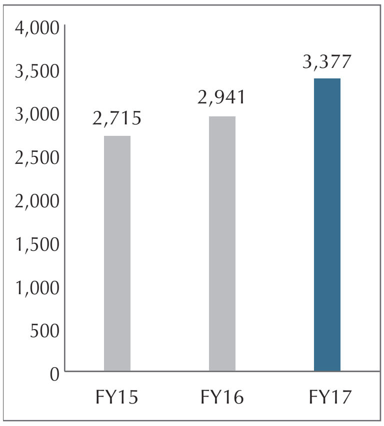
During the year under review, its average daily toll revenue and average daily full-length equivalent traffic grew strongly and achieved 15% and 17% yoy growth to RMB3.4 million and 47,000 vehicles respectively. Meanwhile, its total toll revenue amounted to RMB1,233 million. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 70.1% and 81.8% of the Western Delta Route's toll revenue and full-length equivalent traffic volume respectively. On 14 September 2016, its toll revenue recorded a new high which amounted to RMB4.3 million. The healthy economic environment of the four main cities on the western bank of the PRD region, namely Guangzhou, Foshan, Zhongshan and Zhuhai with GDP growth of 7.4%-9.2% in the first half of 2017 supported the strong growth of the Western Delta Route.

The ongoing maintenance and upgrading works on National Highway 105 and local roads nearby also generated positive impacts on its performance. Those maintenance and upgrading works are being carried out in different periods from mid-August 2016 to early September 2018. Traffic restriction measures are implemented accordingly and some vehicles have been diverted onto the Western Delta Route, thereby bringing positive impacts to it.

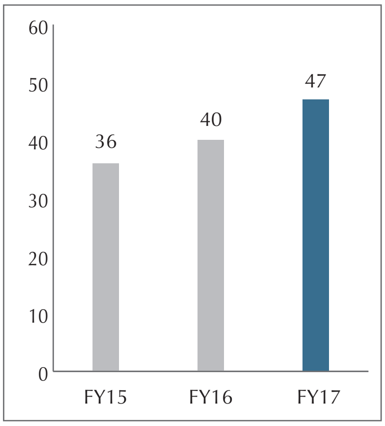
Foshan Ring Road, a major local road of Foshan city which is close to the northern end of the Western Delta Route, is scheduled to be upgraded into several toll expressways. The construction works are being carried out from late June 2017 to the end of 2019. Traffic restriction measures are implemented on some sections and all trucks are forbidden during the construction period from 1 August 2017 to 30 December 2018. Thus, traffic will be diverted onto surrounding roads, including the Western Delta Route. It is expected that traffic of the Western Delta Route will increase and the Company will keep monitoring the impact.

In addition, a main and exclusive expressway artery facilitating traffic to and fro Guangzhou and Zhuhai's Hengqin on the western bank of the PRD region, which comprises the Western Delta Route, Phase IV West and its extension and Second Hengqin Bridge, was completed after the expressway link between Phase IV West Extension and Second Hengqin Bridge opened to traffic in the first quarter of 2017. The Western Delta Route will further benefit from the development of tourism in Hengqin and Macao.

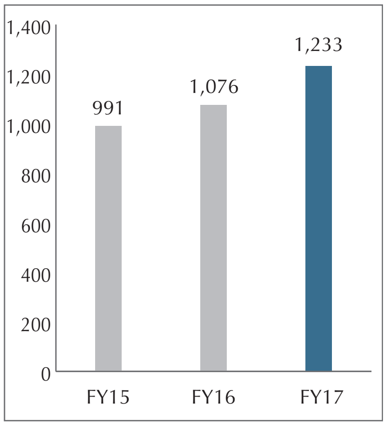
Average Daily Toll Revenue#
(RMB thousand)



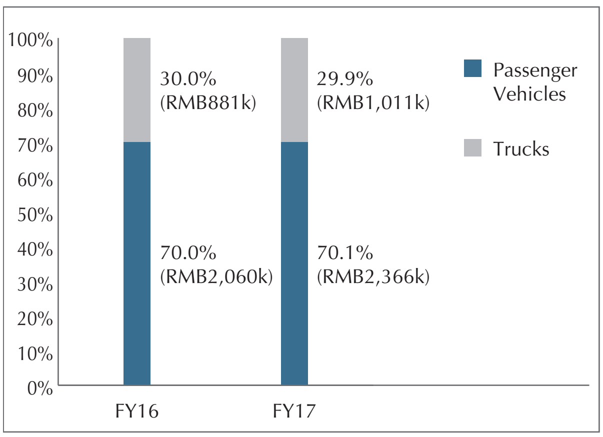
Average Daily Full-Length Equivalent Traffic
(No. of vehicles in thousand)



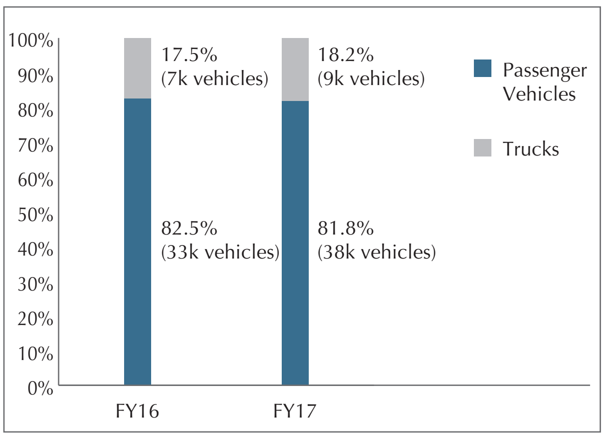
Annual Toll Revenue#
(RMB million)



Average Daily Toll Revenue Breakdown by Vehicle Type



Average Daily Full-Length Equivalent Traffic Breakdown by Vehicle Type



Including tax

Financial Review

The Group's performance for the year ended 30 June 2017 presented in RMB (million) was as follows:

	Year ended 30 June									
	2016					**2017**				
RMB million	Net toll revenue	EBITDA	Depreciation and amortisation	Interest and tax	Results	**Net toll revenue**	**EBITDA**	**Depreciation and amortisation**	**Interest and tax**	**Results**
HHI's share										
Project contributions:										
GS Superhighway Note 1	1,480	1,262	(414)	(277)	571	**1,560**	**1,343**	**(460)**	**(324)**	**559**
Western Delta Route	522	443	(181)	(222)	40	**599**	**516**	**(211)**	**(198)**	**107**
Total	2,002	1,705	(595)	(499)	611	**2,159**	**1,859**	**(671)**	**(522)**	**666**
YoY change						**+8%**	**+9%**	**+13%**	**+5%**	**+9%**
Corporate results:										
Bank deposits interest income					27					**24**
Interest income from loans made by the Group to a JV company					9					**–**
Other income					1					**–**
General and administrative expenses and depreciation					(40)					**(41)**
Finance costs					(4)					**–**
Income tax expenses					(1)					**–**
Sub-total					(8)					**(17)**
Profit before net exchange loss (after deduction of related income tax)					603					**649**
YoY change										**+8%**
Net exchange loss (after deduction of related income tax)					(82)					**(17)**
Profit for the year					521					**632**
Profit attributable to non-controlling interests					(10)					**(9)**
Profit attributable to owners of the Company					511					**623**
YoY change										**+22%**

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

The Group's share of the aggregate net toll revenue of its expressway projects increased by 8% from RMB2,002 million to RMB2,159 million. The GS Superhighway's growth momentum is persistent with net toll revenue increased by 6%. The Western Delta Route continued to record healthy growth, with a 15% increase in net toll revenue to RMB599 million. The GS Superhighway and Western Delta Route contributed 72% (RMB1,560 million) and 28% (RMB599 million) respectively to the Group's share of aggregate net toll revenues.

In March 2016, the PRC government promulgated a circular in relation to VAT reform under which VAT would replace business tax nationwide with effect from 1 May 2016 (the "Circular"). Under the Circular, both the GS Superhighway JV and West Route JV have adopted the simplified taxation method and the VAT payable is calculated at the effective rate of 2.86% (as compared with business tax calculation at a rate of 3% prior to 1 May 2016). Overall, VAT reform had a slightly positive impact on the Group's share of net toll revenue and net profit during FY17.

With healthy core operation, the Group's share of the aggregate EBITDA of toll expressways (excluding exchange differences on the GS Superhighway JV's US Dollar and HK Dollar loans as well as the related income tax) increased by 9% from RMB1,705 million to RMB1,859 million. Despite a RMB7 million one-off expenses was incurred for finalising Western Delta Route's project cost during FY17, the Western Delta Route recorded a healthy 16% EBITDA growth from RMB443 million to RMB516 million.

The Group's share of depreciation and amortisation charges of the GS Superhighway JV increased by 10% from RMB414 million to RMB460 million as a result of persistent growth in its full-length equivalent traffic and completion of additional improvement works. With healthy growth in full-length equivalent traffic of the Western Delta Route, its depreciation and amortisation charges also increased. Hence, the Group's share of aggregate depreciation and amortisation charges increased by 13% to RMB671 million.

During FY17, the increase in interest expenses of the GS Superhighway JV was mainly attributable to an additional 8-year bank loan of RMB2 billion (JV company level) drawn in August 2016 to reimburse past capital expenditure funded by its shareholders and the rise of US interest rate by 0.25% each in March and June 2017. In June and December 2016, the West Route JV entered into agreements for a 10% discount on individual bank loans' borrowing rates to 4.635% and 4.41%, which outstanding principal were RMB539 million and RMB3,316 million (JV company level) respectively. Moreover, the West Route JV's new financial plan was completed during the first half of FY16. The increase in registered capital in the West Route JV totalling approximately RMB636 million was completed. After the additional project bank loan raised by the West Route JV in October 2015, the remaining shareholder's loan advanced by the Group to the West Route JV as interim financing was repaid. Thus, the interest expenses of the West Route JV fell. In addition, a series of PBOC's lending rate cuts for RMB loan announced on 21 November 2014, 28 February 2015, 10 May 2015, 27 June 2015, 25 August 2015 and 23 October 2015 benefited the West Route JV by lowering its finance costs.

The EIT rate applicable to the GS Superhighway JV is 25% since 2012 and until the expiry of its contractual operation period on 30 June 2027. No provision for PRC EIT has been made for the West Route JV as it has available tax losses to offset against its taxable profits.

The increase in the GS Superhighway's net toll revenue was mainly offset by the increased interest expenses as a result of the additional RMB2 billion bank loan leading to a 2% decrease in its net profit to RMB559 million. Due to the continuous growth in toll revenue and traffic, as well as the PBOC lending rate cuts, the Western Delta Route first turned profitable in FY16, and net profit shared by the Group surged 169% yoy to RMB107 million from RMB40 million in the last year. Overall, the aggregate net profit of the toll expressway projects (excluding exchange differences on the GS Superhighway JV's US Dollar and HK Dollar loans as well as the related income tax) increased by 9%, from RMB611 million to RMB666 million.

The Group repaid all the corporate bank loans by the second half of FY16, resulting in a decrease in finance costs during FY17. On the other hand, following the full repayment by the West Route JV by October 2015, the shareholder's loan advanced by the Group to the West Route JV as interim financing decreased by RMB788 million during the first half of FY16, reducing the Group's interest income. Thus, the Group's total interest income (including that on bank deposits and shareholder's loan advanced to the West Route JV) decreased from RMB36 million to RMB24 million during FY17. Given the drop in finance costs was offset by the fall in total interest income, the net interest income at corporate level decreased from RMB32 million to RMB24 million, resulting in an increase in loss from RMB8 million in the last year to a loss of RMB17 million at the corporate level.

The Group's profit before net exchange loss (after deduction of the related income tax) increased by 8% from RMB603 million to RMB649 million during FY17. This was mainly attributable to the increase in net profit of the toll expressway projects was partly offset by the fall in net interest income at corporate level. In addition, the net exchange loss on the GS Superhighway JV's US Dollar and HK Dollar loans shared by the Group during FY17 substantially reduced to RMB17 million from RMB82 million in the last year. As a result, the profit attributable to owners of the Company increased by 22% from RMB511 million to RMB623 million or RMB20.21 cents per share, as core operations grew and net exchange loss narrowed.

Pursuant to the joint venture agreement, the Group's profit sharing ratio in the GS Superhighway JV has been adjusted from 48% to 45% starting from 1 July 2017 for the next ten years until the end of its contractual operation period, i.e. 30 June 2027. Such adjustment will have a one-off impact on the Group's results for FY18 as compared to FY17. Nevertheless, the Group believes that HHI's net profit for FY18 will be supported by the healthy core operations of the GS Superhighway and the Western Delta Route, as well as the fall in the latter's interest expenses. However, possible depreciation of RMB against US Dollar and HK Dollar as well as the rise of US interest rate will impact the GS Superhighway JV's US Dollar and HK Dollar loans. For every 1% depreciation in RMB, the Group's net profit will drop by approximately RMB9 million, while for every 1% increase in US interest rate, the Group's net profit will drop by approximately RMB9 million. Overall, the Company remains positive on the future performance of the Group, given the Group's net profit growth is supported by (i) the persistent growth momentum of the GS Superhighway and the Western Delta Route; (ii) that the West Route JV's EBITDA (JV company level) increased to approximately RMB1,032 million in FY17. The Western Delta Route has been achieving healthy growth since opening and will continue to benefit from prosperous economic and road network developments including the soon-to-open HZM Bridge; and (iii) that the interest expenses of the West Route JV is expected to drop in FY18 given the 10% discount on individual bank loans' borrowing rates and the prepayment of bank loans. Furthermore, the West Route JV also utilised its surplus cash on hand to fully prepay bank loan principals of RMB372 million and RMB435 million (JV company level) due in 2017 and 2018 respectively by end of June 2017.

In light of HHI's strong financial position, the Board believes that the Group's target payout ratio of 100% on a full-year basis is sustainable. Net cash at HHI corporate level of RMB469 million as at 30 June 2017 and steady dividend from the GS Superhighway JV provide solid bases for strong dividend. It is expected that dividend from the GS Superhighway JV to the Group will amount to approximately RMB600 million in FY18, which is similar to the Group's proposed annual regular dividend to shareholders in FY17. Moreover, in view of the healthy growth in toll revenue, the West Route JV targets to distribute dividend to the Group starting from 2020 the earliest.

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

HHI Corporate Level

	30 June 2016 RMB million	**30 June 2017 RMB million**		30 June 2016 RMB million	**30 June 2017 RMB million**
Bank balances and cash	652	**469**	Other liabilities	7	**11**
Other assets	6	**7**			
	658	**476**		7	**11**
			Net assets value of HHI corporate	651	**465**

Share of JV Companies

GS Superhighway JV (HHI's shared portion)

	30 June 2016 RMB million	**30 June 2017 RMB million**		30 June 2016 RMB million	**30 June 2017 RMB million**
Bank balances and cash	212	**379**	Bank loans		
Concession intangible assets	5,239	**4,870**	– USD	1,248	**1,240**
Property & equipment	212	**208**	– HKD	155	**140**
Other assets	43	**27**	– RMB	–	**900**
			Other liabilities	665	**647**
	5,706	**5,484**		2,068	**2,927**
			Net assets value of GS Superhighway JV	3,638	**2,557**

West Route JV (HHI's shared portion)

	30 June 2016 RMB million	**30 June 2017 RMB million**		30 June 2016 RMB million	**30 June 2017 RMB million**
Bank balances and cash	50	**61**	Bank loans	4,028	**3,718**
Concession intangible assets	6,392	**6,231**	Other liabilities	253	**274**
Property & equipment	253	**225**			
Other assets	16	**10**			
	6,711	**6,527**		4,281	**3,992**
			Net assets value of West Route JV	2,430	**2,535**

	30 June 2016 RMB million	**30 June 2017 RMB million**		30 June 2016 RMB million	**30 June 2017 RMB million**
			Total liabilities	6,356	**6,930**
			Equity attributable to owners of the Company	6,673	**5,526**
			Non-controlling interests	46	**31**
Total Assets Note 1	13,075	**12,487**	**Total Equity & Liabilities**	13,075	**12,487**
			Total net assets	6,719	**5,557**

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

Sound Financial Plan

During the first half of FY16, financial positions of the JV companies were strengthened by (i) loan rescheduling of the GS Superhighway JV to extend the maturity dates of the existing US Dollar loans and HK Dollar loan by six years from 2018 and 2019 to 2025. The loan rescheduling helped accelerate the dividend distributions by the GS Superhighway JV to the Group and further enhance the Group's liquidity; (ii) loan rescheduling of the West Route JV to extend the maturity date of bank loan with outstanding principal of RMB569 million (JV company level) by five years from 2019 to 2024 which helped to improve financing flexibility; (iii) West Route JV's new financial plan, which helped to reduce the West Route JV's debt and resulted in the full repayment of RMB682 million of net shareholder's loan to the Group by October 2015. Hence, the West Route JV is capable to utilise its surplus cash on hand to prepay bank loan principals, and it targets to distribute dividend to the Group starting from 2020 the earliest.

In August 2016, the GS Superhighway JV entered into agreement with the bank for an additional 8-year bank loan facility amounting to RMB2 billion to reimburse past capital expenditure funded by its shareholders. This helped accelerating the dividend distributions by the GS Superhighway JV to the Group and the Group had received after-tax dividend amounting to RMB912 million during the first half of FY17. It has also strengthened the Group's financial position.

Liquidity and Financial Resources

The Group's debt balance comprises its share of the non-recourse bank loans of its JV companies, whereas the Group has no debt at corporate level. The total debt to assets (including share of total assets of JV companies) ratio and gearing ratio (net debt to equity attributable to owners of the Company) as at 30 June 2017 were shown below. The Group's net cash on hand (excluding JV companies), amounted to RMB469 million.

HHI Corporate Level

	30 June 2016 RMB million	**30 June 2017 RMB million**		30 June 2016 RMB million	**30 June 2017 RMB million**
Bank balances and cash			**Corporate debt**		
– Bank balances and cash	652	**469**	– Bank loan	–	**–**
	652	**469**		–	**–**

Net cash on hand: RMB469 million
(30 June 2016: RMB652 million)

Share of JV Companies

	30 June 2016 RMB million	**30 June 2017 RMB million**		30 June 2016 RMB million	**30 June 2017 RMB million**
Bank balances and cash			**Bank loans**		
– Bank balances and cash	262	**440**	– GS Superhighway	1,403	**2,280**
			– Western Delta Route	4,028	**3,718**
	262	**440**		5,431	**5,998**

Net debt Note 1: RMB5,558 million
(30 June 2016: RMB5,169 million)

Note 1: Total debt less bank balances and cash

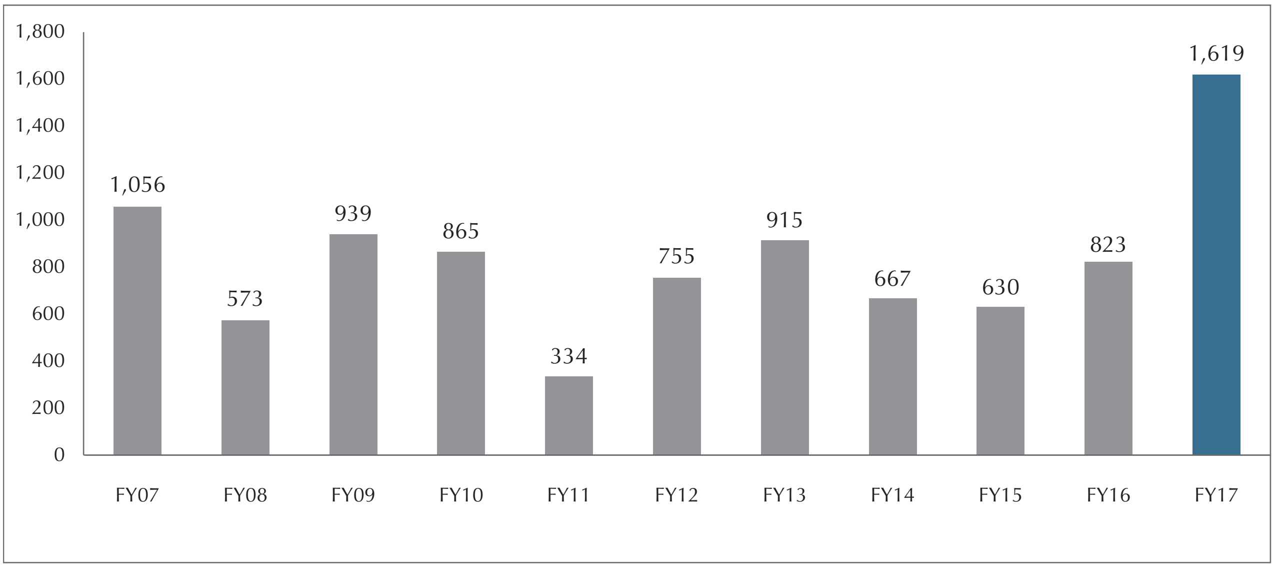
	30 June 2016 RMB million	**30 June 2017 RMB million**
Total debt		
– Company and subsidiaries	–	**–**
– Share of JV companies Note 1	5,809	**6,399**
Net debt Note 2	4,895	**5,490**
Total assets (including share of JV companies' total assets) Note 3	13,447	**12,881**
Equity attributable to owners of the Company	6,673	**5,526**
Total debt to total assets ratio	43%	**50%**
Gearing ratio	73%	**99%**

Note 1: The Group's share of JV companies' debt is defined as bank and other loans together with balance with JV partner.
Note 2: Net debt is defined as total debt (including share of JV companies) less total bank balances and cash (including share of JV companies).
Note 3: Concession intangible assets are not valued at market price but are booked at historical cost less amortisation/depreciation.

The major source of the Group's cash inflow during FY17 was dividend received from the GS Superhighway JV. On the other hand, its major cash outflow was the payment of dividend to the Company's shareholders. The Group will continue to optimise its balance sheet, improve its cash flow and strengthen its financial position.

Given no debt at the corporate level, the Group enjoys a strong and solid financial position. As at 30 June 2017, HHI corporate level net cash on hand (excluding JV companies) amounted to RMB469 million (30 June 2016: RMB652 million), or RMB0.15 per share (30 June 2016: RMB0.21 per share) and rose to RMB670 million as at 4 August 2017. The cash on hand of RMB469 million, together with available banking facilities of HK$500 million (or RMB434 million) and stable cash dividend from the GS Superhighway JV will provide sufficient financial resources for its operations and potential investments.

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



As at 30 June 2017, 99.8% (30 June 2016: 99.9%) of the Group's bank balances and cash (excluding JV companies) on hand were denominated in RMB and 0.2% (30 June 2016: 0.1%) in HK Dollar. The bank balances and cash on hand of the JV companies shared by the Group amounted to RMB440 million (30 June 2016: RMB262 million). The Group received cash dividend from the GS Superhighway JV of RMB1,619 million during FY17. In August 2016, the GS Superhighway JV entered into agreement with the bank for the additional 8-year bank loan facility of RMB2 billion to reimburse past capital expenditure funded by its shareholders. Subsequently, the GS Superhighway JV distributed dividend of RMB912 million (net of tax) to the Group out of this loan. The reduction in the cash dividend during FY08 and FY11 were mainly brought about by the repatriation of registered capital by the GS Superhighway JV to the Group and the intercompany borrowings provided by the GS Superhighway JV to the West Route JV respectively.

Cash dividend from the GS Superhighway JV restored to their normal levels since FY12. Cash dividend increased during FY13 as a result of the full repayment of intercompany borrowings by the West Route JV to the GS Superhighway JV in December 2012, and the GS Superhighway JV's distribution of a dividend of RMB351 million to the Group out of these funds. As at 30 June 2017, the after-tax cash dividend receivable from the GS Superhighway JV to the Group had been reduced to RMB610 million (30 June 2016: RMB1.6 billion). The cash dividend received and receivable from the GS Superhighway JV provide sufficient financial resources for the Group's operations and potential investments.

Bank and Other Borrowings

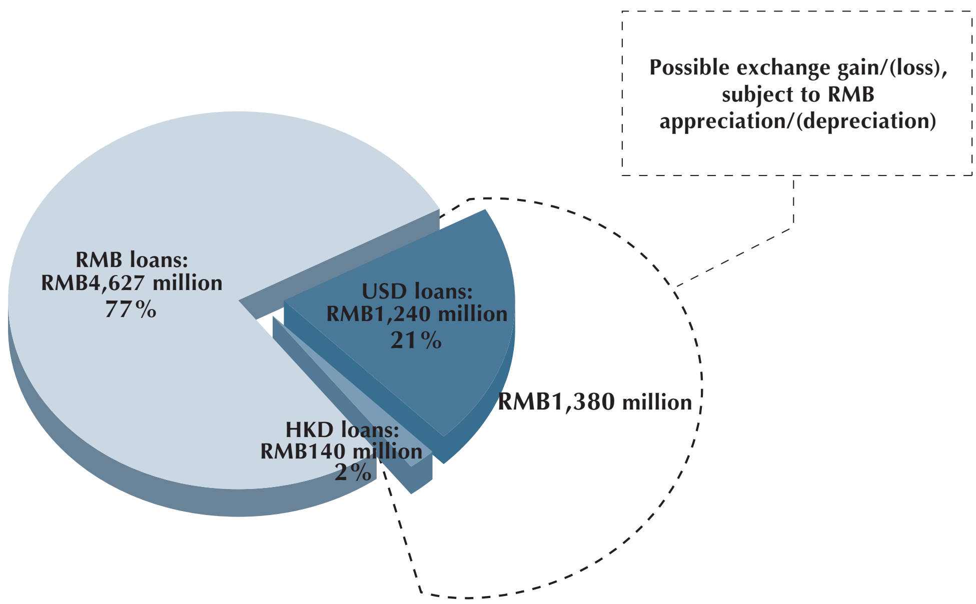
As at 30 June 2017, the Group has no debt at the corporate level, whereas the total bank and other borrowings of the JV companies shared by the Group (including US Dollar bank loans of equivalent to RMB1,240 million, HK Dollar bank loan of equivalent to RMB140 million, RMB bank loans of RMB4,618 million and RMB other borrowing of RMB9 million), amounted to approximately RMB6,007 million (30 June 2016: RMB5,439 million) with the following profile:

(a) 99.9% (30 June 2016: 99.9%) consisted of bank loans and 0.1% (30 June 2016: 0.1%) of other loan; and

(b) 77% (30 June 2016: 74%) was denominated in RMB; 21% (30 June 2016: 23%) was denominated in US Dollar and 2% (30 June 2016: 3%) was denominated in HK Dollar. The Group may incur exchange gain or loss from the US Dollar and HK Dollar loans subject to RMB appreciation or depreciation.

Breakdown of HHI's Share of JV Loans [Note 1] by Currency

(As at 30 June 2017)



Note 1: Represent the Group's share of JV companies' bank loans of RMB5,998 million and other borrowings of RMB9 million.

Debt Maturity Profile

As at 30 June 2017, the maturity profile of the bank and other borrowings of the JV companies shared by the Group (whereas the Group had no debt at corporate level) were shown below, together with the corresponding figures as at 30 June 2016:

HHI Corporate Level

	30 June 2016		**30 June 2017**	
	RMB million	%	**RMB million**	**%**
Repayable within 1 year	–	–	**–**	**–**

Share of JV Companies

	30 June 2016		**30 June 2017**	
	RMB million	%	**RMB million**	**%**
Repayable within 1 year	65	1%	**172**	**3%**
Repayable between 1 and 5 years	1,521	28%	**2,316**	**38%**
Repayable beyond 5 years	3,853	71%	**3,519**	**59%**
	5,439	100%	**6,007**	**100%**

As at 30 June 2017, 59% (30 June 2016: 71%) of the bank loans and other borrowings of the JV companies shared by the Group were repayable beyond 5 years. Thus, the risk of refinancing the bank loans and other borrowings will continue to remain relatively low.

Interest Rate and Exchange Rate Exposure

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

Treasury Policies

The Group continues to adopt prudent and conservative treasury policies in its financial and funding management. Its liquidity and financial resources are reviewed on a regular basis, with a view to minimise its funding costs and enhance return on its financial assets. Most of the Group's cash is placed in deposits denominated in RMB. Holding RMB suits the Group's PRC-based operations, and it can earn higher interest income from RMB deposits than HK Dollar deposits. As at 30 June 2017, 99.8% of the Group's bank balances and cash (excluding JV companies) were denominated in RMB and 0.2% were denominated in HK Dollar. The Group's overall treasury yield on bank deposits was 2.7% during FY17, compared to 3.3% in FY16. The Group will continue to strengthen its treasury management and evaluate the options available for improving the yields on its substantial cash-deposit portfolio.

Contingent Liabilities

As at 30 June 2017, the Group had no material contingent liabilities.

Material Acquisition or Disposal

The Company's subsidiaries and associated companies did not make any material acquisitions or disposals during the period ended 30 June 2017.

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 also provides medical insurance coverage to all staff members and personal accident insurance to senior staff members. As at 30 June 2017, the Group, excluding its JV companies, had 29 employees.

Besides offering competitive remuneration packages, the Group is committed to promoting family friendly employment policies and practices. The Group arranged birthday parties, adventure program, Christmas party, Annual Dinners and Employee Assistance Programme for employees, which were delivered by professionals who shared their experiences and methods to handle stress. The Group also invests in human capital development by providing relevant training programs to enhance employee productivity. In collaboration with Independent Commission Against Corruption, Equal Opportunities Commission and Office of Privacy Commissioner for Personal Data, the Group held different kind of seminars and workshops for the employees to enhance their awareness of corporate governance. We also invited professional lawyer to introduce the provisions and regulations under the Competition Ordinance in order to raise our staff and management's awareness of its enactment in the workplace.

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

Sustainability Report

About This Report

Scope of report

This Sustainability Report ("Report") presents our approach to sustainability and our performance in the economic, environmental and social aspects of our business during the period between 1 July 2016 and 30 June 2017 inclusive. It includes our core expressway infrastructure business in the Guangdong Province.

How we report

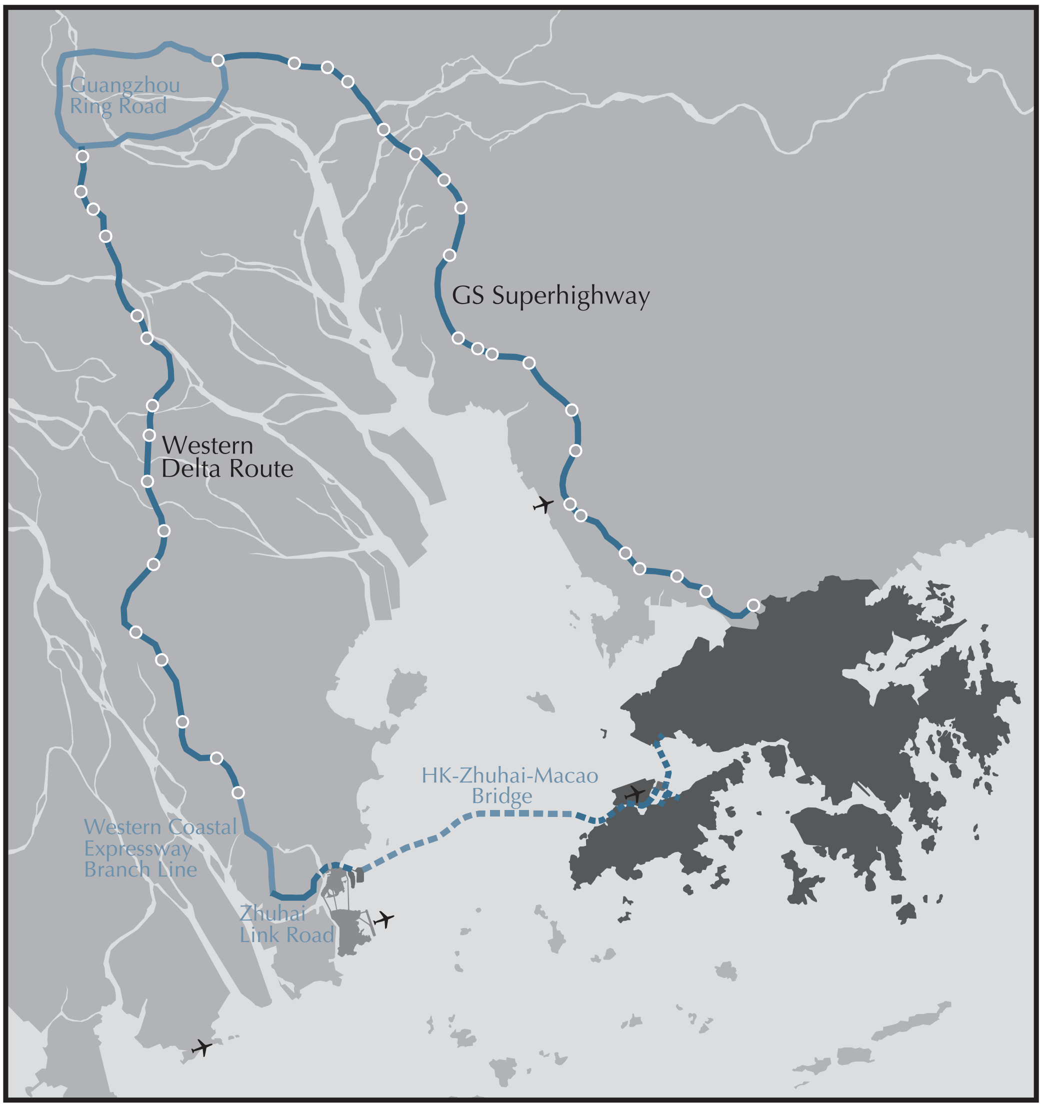
This is the sixth sustainability report published by HHI. It covers topics that reflect the most significant impacts from our operations, identified by our management and through ongoing engagement with stakeholders.

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide, Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (HKEx ESG Reporting Guide), and has been verified independently by the Hong Kong Quality Assurance Agency (HKQAA).

The Report outlines a brief overview of our business and corporate social responsibility (CSR) performance and is integrated into the HHI Annual Report. For more details on corporate governance, regulatory issues and directors' remuneration, please refer to our Annual Report 2016/17 (downloadable at http://www.hopewellhighway.com/WebSite_en/ir/ir_ai.htm).

About Hopewell Highway Infrastructure Limited

HHI operates two major expressways in the Guangdong Province, providing connectivity throughout the PRD region: the 122.8km GS Superhighway and the 97.9km Western Delta Route.



We operate these expressways through JV companies with Guangdong Provincial Highway Construction Company Limited. The GS Superhighway is one of the busiest expressways in the PRC and serves to connect the PRD's three major cities – Guangzhou, Dongguan, Shenzhen and Hong Kong, whilst the Western Delta Route is the main connecting road within western PRD and connects Guangzhou, Foshan, Zhongshan and Zhuhai.

HHI is listed on the Main Board of The Hong Kong Stock Exchange (stock code: 737 (HKD counter) and 80737 (RMB counter)) as a major subsidiary of HHL.

Sustainability Report

Our Core Sustainability Values

Sustainability continues to be integrated into our daily operations and business decision-making process. We consider protecting the environment and the local community where we operate as an important component in the way we operate. We believe the success of HHI is highly correlated with the well-being of its surrounding environment and communities. To achieve this, we are guided by our four core sustainability values:

We regard the promotion of sustainable community growth to be as important as achieving long-term business growth

We believe a thriving community facilitates our continuous business success

We consider ongoing communication with our stakeholders to be vitally important for upholding the well-being of the community

We will continue to engage with our stakeholders and work together with them to achieve a win-win scenario

Governance Structure

HHI is governed by the Board, which members are made up of four Executive Directors, including the Chairman, and four Independent Non-executive Directors. The Chairman's responsibilities are separate from those of the Managing Director so that there is a clear division of duties. The Board is responsible for setting the strategic direction and policies of the Group, inclusive of sustainability-related initiatives and supervising the management structure. In terms of risk management, the Board is responsible for identifying and assessing ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place. The Board's risk management approach has been deemed effective during the reporting year with no reported incidents of ESG-related malpractices.

All staff members support our risk management process by taking the responsibility to evaluate, understand and report risk issues within their areas of responsibilities to their supervisors. Reporting to Executive Directors and mitigation measures are put in place when appropriate and necessary.

Our Sustainability Steering Committee was jointly established with our parent company, HHL, in 2011 as part of the HHL long-term development towards sustainability. It is made up of representatives from senior management and chaired by the Managing Director which reports to the Board. The Sustainability Steering Committee serves as an important driver of our sustainability programmes. Its duties are:

- To establish and review the Group's corporate sustainability vision, strategies and principles.
- To adopt policies and practices, approve initiatives and budgets, formulate objectives, key performance indicators and measures to oversee the Group's performance in relation to corporate sustainability issues.
- To monitor progress in implementing initiatives, policies and practices, review quality and effectiveness and make recommendations to the Board where appropriate.
- To give directives to the working groups on the implementation of sustainability initiatives.
- To receive regular reports from designated executive(s) regarding the performance of the working groups and the Group's corporate sustainability performance.

Our CSR Sub-Committee is responsible for the implementation, management and monitoring of sustainability initiatives as instructed by the Sustainability Steering Committee. Meetings are held periodically to report and update the progress of sustainability initiatives.

Stakeholder Engagement

We define our key stakeholders as those who are impacted by the activities and decisions of our business, and we believe consulting with them is an integral part of our commitment to sustainability. Since we began reporting in FY12, we have developed long-term relationships with our stakeholders through various engagement channels to understand the impacts of our business and to address their issues of concern. To embed our sustainability efforts into our long-term business planning, this year we conducted interviews with senior management to obtain updated information and progress related to the social and environmental aspects of the business.

Our key stakeholder groups and corresponding communication channels include:

Key stakeholder groups	Communication channels	Areas of concern
Investors and Shareholders	• Annual General Meeting • Investor briefing and press conferences • Face-to-face meetings • Conference calls • Corporate website • Financial reports	• Safety awareness • Response to accidents • Improve traffic efficiency • Emissions • Noise disturbance • Air pollution • Training and development • Employee well-being • Customer satisfaction • Community initiatives
JV Partners	• Independent interviews • Regular meetings	• Safety awareness • Response to accidents • Improve traffic efficiency • Emissions • Noise disturbance • Air pollution • Training and development • Employee well-being • Customer satisfaction • Community initiatives

Key stakeholder groups	Communication channels	Areas of concern
Employees	• Training, seminars, briefing sessions • HH Social Club activities • 24-hour Employee Assistance Programme Hotline • Face-to-face meetings • Independent focus groups and interviews • Recreational and volunteering activities	• Safety awareness • Response to accidents • Improve traffic efficiency • Training and development • Employee well-being • Customer satisfaction • Community initiatives
Community & Non-governmental Organisations	• Employee volunteering activities • Programmes initiated by NGOs • Organising public events • Independent interviews	• Emissions • Noise disturbance • Air pollution • Community initiatives
Expressway Users	• Independent interviews • Free travel handbooks to road users • Service booths for public enquiries	• Safety awareness • Response to accidents • Improve traffic efficiency • Customer satisfaction

With input from our stakeholders, the four major material topics for our operations remain the same as previous years:

Road Safety & Traffic Efficiency	Environment	Employee Development	Customers and Communities
Safety awareness Response to accidents Improve traffic efficiency	Emissions Noise disturbance Air pollution	Training and development Employee well-being	Customer satisfaction Community Initiatives

Road Safety & Traffic Efficiency

Our top priority has always been to maintain a safe, reliable and smooth traffic environment to ensure the safety and efficiency of our road users and their passengers. We understand their need to arrive at destination quickly and safely, and we have implemented various efficiency and safety initiatives to achieve this. Similarly, the safety of our employees is also just as important to us. Our frontline staff are trained to be cautious and safe when conducting tasks on the expressways.

Safety Awareness

We are committed to providing a safe and secure workplace for all employees and site staff by creating a work culture that values safety in our daily operations.

To do so, each JV company has designated staff responsible for work safety issues where meetings, educational activities and safety inspection works are conducted on a regular basis. Each year, we also implement Safety Operation Month to enhance the knowledge of work safety laws, promote safe operation culture and strengthen the awareness of safety among staff. This programme includes:

- Road safety promotion campaign
- Safety operation education seminar
- Safety operation knowledge contests
- Fire safety drills

Other continuous efforts to increase the safety and comfort of our road users include the use of signboards. This year, both the GS Superhighway JV and the West Route JV installed in total 14 new road signboards along local roads connected to our expressways in Shenzhen, Foshan and Zhongshan. These road signboards provide road users with clear direction, allowing convenient access onto our expressways.

Up-to-date traffic information and road conditions are also released to the public in a timely manner through changeable message signboards along the expressways, a provincial customer service website (www.02096998.com), a provincial customer service mobile application, and WeChat platform.

Road Safety Awards

GS Superhighway JV was awarded the '*Advanced Unit for the Maintenance and Management of Expressways in Guangdong Province in the National 12th Five-Year Plan period*' by the Guangdong Provincial Communications and Transportation Department for efforts in maintaining road safety.

GS Superhighway JV performed exceptionally well by upholding the highest safety standards through the establishment of procedures and effective management systems. Its achievements in operations and traffic safety have been recognised by the Guangdong Provincial Communications Department, which awarded the GS Superhighway the '*2016 Safe Highway Model in Guangdong Province*'.

West Route JV was awarded the champion of '*Guangdong Provincial Enterprises Management Modernized Innovation Achievement*' by the Economic and Information Commission, the State-owned Assets Supervision and Administration Commission, the Human Resources and Social Security Department and the Federation of Trade Unions of Guangdong Province. Our JV company established a mechanism to work closely with traffic police to respond to traffic accidents and congestions in a timely and efficient manner. It demonstrated West Route JV's commitment to the continuous upgrade of traffic safety management.

Response to Accidents

Accidents along the expressway can cause large-scale traffic congestion in a short time span. To reduce the amount of down time between when an accident takes place and the arrival of rescue personnel and/or traffic police, the GS Superhighway JV employs in-house rescue teams who are on standby 24-hours a day to attend to accidents. Adding this service to our operations not only allows the injured to be evacuated more quickly, it also significantly reduces the time needed to restore normal traffic conditions and operation. Our rescue team is also trained to manage and direct traffic to avoid confusion to drivers as a result of sudden change of road conditions caused by accidents. Our well-trained and professional rescue team is equipped with 52 towing vehicles and 21 patrol vehicles.

Furthermore, both JV companies operate closely with traffic police. Through regular joint meetings and surveillance cameras sharing, we are able to increase the efficiency in handling traffic accidents and promote the importance of traffic safety along both expressways.

Improve Traffic Efficiency

To increase traffic efficiency at toll plazas, this year we added four toll lanes with Electronic Toll Collection (ETC) payment options. Three lanes were added along the GS Superhighway and one was added along the Western Delta Route. Based on our previous experience with such installation, traffic flow through a toll lane can increase from two cars per minute to nine cars per minute. We received positive response from users with views that ETC increased traffic efficiency at toll plaza, especially during rush hour periods. We will consider installing more ETC toll lanes in the future based on road users' demand.

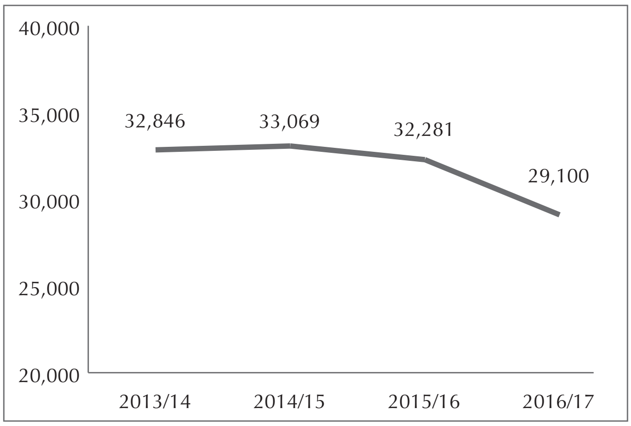
Environment

Key environmental issues pertaining to our operations include emissions, noise and air pollution. To address them, we are committed to incorporating energy saving and greenhouse gas reduction measures in our business operations and to actively monitoring the emission reduction results. Although we have limited control over the amount of noise disturbance and air pollutants emitted by our road users, as the operator of the expressways, we continue to take the initiative to provide mitigation measures so that nearby communities are not adversely impacted.

Emissions

Emission sources from our operations come from energy consumption in our offices, road lighting and toll plazas, as well as emission from our company car fleet. During the reporting year, our total greenhouse gas emission is estimated to be 29,100 tonnes of carbon dioxide, the lowest record since we began collecting data.

Total Greenhouse Gas Emissions (tonnes)



All conventional low mast sodium lamps had been replaced with LED lights on the 122.8km main alignment of the GS Superhighway in 2013, while last year we refitted high-pole lamps with energy saving lights to further reduce our electricity usage. As for the Western Delta Route, LED lights along tunnel sections and toll plazas were undertaken in 2013. Thirty-four wind and solar powered surveillance cameras are in operation along the Western Delta Route.

We continue to seek opportunities to expand our green car fleet. Currently, we have three petrol-electric hybrid vehicles and one electric vehicle (EV) for our operations. Two of them are available to our employees for cross-border business trips between Hong Kong and Mainland China. The use of petrol-electric hybrid vehicles reduces about 40% of fuel consumption compared to our other conventional vehicles.

With the implementation of these emissions lessening initiatives, we have reduced our overall carbon dioxide emissions in the past three years. We have also gradually increased the use of renewable energy in our daily operations through the installation of wind and solar powered surveillance cameras, which generated 29.78 MWh of renewable energy this year.

New Electric Vehicle Charging Stations

The Guangdong Provincial Government issued the 'Guidance on EV Charging Infrastructure Development in 2016-2020 of Guangdong Province' that sets targets for the region to support and encourage the use of EVs. Following these guidelines, we installed six 60 kilowatt EV chargers on the GS Superhighway at Houjie service area. The targeted location is an important transport hub with heavy traffic flow connecting Guangzhou and Shenzhen which have an increased demand for EV charging infrastructure.

Noise Disturbance

Traffic noise generated from vehicles on our expressways can disturb nearby residents and communities. To minimise noise impact on residents, we have installed more than 6.1 km of noise barriers along sections of the Western Delta Route where nearby population density is high in the last three years.

Air Pollution

Particulate matter, nitrogen oxides and carbon monoxide are examples of some of the pollutants generated from fuel combustion of vehicles which could affect human health if people exposed to high concentrations. In order to minimise the amount of air pollutants generated by our road users, we continue to maintain smooth traffic conditions to reduce the amount of time vehicles spent on the expressway. As a new initiative this year, we also began providing supporting facilities for EVs with hopes that increased EV usage along the expressway would reduce the amount of air pollutants emitted by road users.

Employee Development

The well-being of our employees directly correlates with the success of our business. We value each of our employees and are committed to providing them with a rewarding and fulfilling work environment to encourage them to succeed and thrive in their career.

We are an equal opportunity employer and are committed to eliminating discrimination of all forms in the workplace from race to gender, marital status to sexual orientation among others. Employment, promotion, salary review and redeployment are made based on individuals' skills and performance. Both JV companies operate in compliance with all relevant local rules and regulations, and our senior managers work closely with our JV partners to ensure all workers employed by our JV companies are treated fairly.

Our business operates in compliance with all local rules and regulations. Our Code of Conduct and Whistleblowing Policy are available on our intranet and can be accessed by staff members at any time. During the reporting year, there were no concluded legal cases regarding corrupt practice brought against the Group or our employees.

Training and Development

We continue to invest in the professional and personal development of our staff by offering training courses and workshops. This year, we offered management-level training to senior staff, conducted fire drills to increase safety awareness and held a toll collection contest to make their daily work lives more fun and exciting.

GS Superhighway JV	GS Superhighway JV	West Route JV
38 managerial staff participated in a 4-day training programme organised by the MBA Education Centre in Guangdong University of Foreign Studies to enhance leadership skills	45 administrative staff participated in a fire precautions training given by Human Fire Brigade in Dongguan in December 2016	Skills and techniques contests were held for road administration staff to stimulate staff morale and enhance efficiency

In the GS Superhighway JV:

- 22.19 average training hours are completed by female employees
- 20.86 average training hours are completed by male employees
- 17.97 average training hours are completed by senior management
- 22.52 average training hours are completed by general staff

Eagles Training Program

This year, the GS Superhighway JV organised a nine-month Eagles Training Program to nurture 29 high-talented employees of the corporate team. Qualified participants need to be a full-time staff with relevant educational background and a ranking of deputy supervisor or below. At the beginning of the programme, each participant created a monthly action plan for their personal and professional development under the guidance of assigned mentors at the JV companies' senior management level. It was soon followed by a series of training activities and evaluation sessions focusing on various topics such as self-assessment, analytical and problem-solving skills, as well as stress and pressure management. Participants are expected to complete the programme in December 2017.

Employee Well-being

This year, we continued to provide activities and events to promote the well-being of our staff. To nurture their physical health, we organised sports competitions. To enhance their well-being, we organised festive celebrations and a cooking contest.

Sports	Sports	Well-being
178 staff from the West Route JV participated in a badminton competition in August 2016	Over 260 staff from the GS Superhighway JV joined a mini marathon held at Huayang Lake Wetland Park on Dongguan on 22 December 2016	24 staff from the West Route JV took part in a cooking contest in October 2016

Well-being	Sports	Well-being
Both JV companies held Annual Dinners to celebrate the 2017 Spring Festival	The West Route JV organised the second sports competition with the participation of around 800 employees	Both JV companies' management visited front-line staff during the hot summer to deliver refreshing drinks

Customers and Communities

We understand customers' experiences can vary along different sections of the expressways and whilst our toll plaza staff are available to address some of their concerns, their main task is toll collection and they have limited capacity to take on our customers' feedbacks. Realising the importance of better understanding our customers' experiences, we welcome their feedback so that we can identify opportunities for improvement.

Aside from providing road access to nearby areas, we also contribute as best as we can to the local community by organising and participating in activities that give back to the communities in which we operate.

Customer Satisfaction

Grievance channels are available to collect customer feedback for continuous improvement of our operations. Both JV companies provided a 24-hour customer service hotline to address customer needs and complaints. Feedback handling procedures are also implemented to ensure all of our customer comments and concerns are channelled properly with appropriate action taken according to the Operation Handbooks of both JV companies.

During FY17, the complaint rate was 0.00014%[1]. Compared to the complaint rate in FY16 at 0.0003%, the complaint rate in the current year was half of that of the previous year. The majority, 89%, of the complaints were related to tariff rate scheme or toll road policies applicable to all toll roads in Guangdong as announced by the Guangdong Provincial Government. The remaining 11% was related to individual service issues. Separately, we received 87 commendations related to retrieving lost items and for assistance in resolving vehicle breakdown problems.

To protect our customers' privacy, we have internal guidelines to ensure that all traffic data and road user transaction records are only used for our operational needs. Both JV companies are required to follow these security guidelines to ensure road users' personal information is not used externally.

Similar to previous years, both JV companies launched a month-long campaign to raise service standards and maintain customer satisfaction. As part of this campaign, we continued to distribute free travel handbooks and emergency medicines to road users. Service consultation points were set up for public enquiries.

We are mindful of the needs that our customers have while they are on the road. That is why this year we have introduced a variety of food and beverage options into Shunde service area on the Western Delta Route. New restaurants including popular coffee chains and fast food eateries are established as part of this service area's transformation to provide more services to road users.

Good Deeds by Our Highway Staff

Our front-line staff often encounter situations where they need to go above and beyond their required duties to help road users in need. From loss of personal belongings to providing medical aid, we are proud of the great work that our staff has done to help those in need.

Case 1:

At the GS Superhighway, our maintenance team employee found a bag in the self-service lane containing a wallet, bank cards, cash and other documents. He gave it back to the owner with the help of other staff at Luogang Toll Station.

Case 2:

At the West Route JV, our staff identified an escaped cow wandering along the expressway near Shunde Toll Station. He was able to identify its origin and returned it to its owner.

Case 3:

At Ronggui Toll Station along the Western Delta Route, staff assisted a pregnant woman in labour on the expressway to the hospital for delivery by coordinating with ambulances, patrols and traffic police to ensure that she is safe and arrives at the hospital in a timely manner.

[1] Number of complaints divided by total traffic.

Community Initiatives

Our business operation is actively involved in the communities in which we operate. We invest significant resources in the communities focusing on four areas: environmental protection, community engagement, youth development and elderly care.

Focus Category	Community Initiatives
Environmental Protection	• Staff from both JV companies participated in Tree Planting activities this year. • Staff from both JV companies participated in the World Wildlife Fund (WWF) Earth Hour in March 2017.
Community Engagement	• From July through October 2016, 75 volunteers from both JV companies participated in blood donations in Shunde District and Luogang District. • In October 2016, our staff joined "Race to Feed 2016" relay race organised by Heifer Hong Kong and obtained excellent results. • Volunteers from both JV companies provided extra services to road users heading home during the travel peak before the Spring Festival in January and February 2017. • Our staff voluntarily supported programmes including "Dress Casual Day", "Love Teeth Day", "Mooncakes for Charity" and "Walks for Millions" organised by The Community Chest of Hong Kong.
Youth Development	• Staff from the GS Superhighway JV visited a Speech Training Centre for deaf-mute children in Dongguan in October 2016 and April 2017 respectively. • Since 2010, the West Route JV has organised visits to rural primary schools every year. In July 2016 more than 30 staff visited a primary school in Meizhou and donated about 40 tables and 100 sets of teaching materials to the students.
Elderly Care	• The GS Superhighway JV held a visit to an elderly home in Luogang District, Guangzhou in March 2017.

GS Superhighway JV's Volunteer Corps

The GS Superhighway JV consolidated their four volunteering teams across Guangzhou division, Dongguan division, Shenzhen division and head office to establish the "GS Superhighway Volunteer Corps" in 2017. As the first volunteer service corps in the Guangdong Province transportation industry, the corps is made up of more than 1,200 volunteering staff, amounting to more than half of the number of staff in the GS Superhighway JV. The Volunteer Corps is registered under the Guangdong Provincial Committee of the Communist Youth League, Guangdong's Committee Office of Spiritual Civilization Construction and Guangdong Volunteers Association.

Since 2006, the original four teams have already been involved in volunteering work individually. Participants provided supporting services at the Olympic Games and the Asian Games, set up service stations for road users during the Spring Festival, and visited elderly homes and so on.

Their efforts have been recognised by the local government and the volunteer union. They received the '*Best Organisation in Volunteering Services*' and '*Outstanding Team*' awards. A number of volunteers have also been awarded *'Five-star Volunteers'* in Guangdong Province, Dongguan City and Shenzhen City.

The purpose of establishing this Volunteer Corps is to enhance the quality of volunteer service through consolidating resources and efforts to build up a volunteer service brand as well as to perform volunteer service activities in a more organised, standardised, directional and collective manner.

Appendix: Data Table

Environmental Performance Table

Indicator	Unit	FY14			FY15			FY16			FY17		
		GS Superhighway JV	West Route JV	Total	GS Superhighway JV	West Route JV	Total	GS Superhighway JV	West Route JV	Total	GS Superhighway JV	West Route JV	Total
Energy use													
Purchased electricity (non-renewable)	MWh	21,702	10,216[5]	31,917	21,823	10,653[4]	32,476	21,880	10,741[5]	32,621	**20,306**	**10,428[6]**	**30,734**
	GJ	78,125	36,777	114,903	78,564	38,349	116,913	78,769	38,668	117,437	**73,102**	**37,541**	**110,642**
Intensity of electricity consumption	MWh/per person	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	**9.05**	**10.32**	**9.45**
Renewable energy[1]	MWh	–	12.87	12.87	–	12.79	12.79	–	15.42	15.42	**–**	**29.78**	**29.78**
	GJ	–	46.33	46.33	–	46.03	46.03	–	55.50	55.50	**–**	**107.20**	**107.20**
Diesel	Litres	439,872	23,110	462,982	408,610	19,136	427,746	320,448	21,443	341,890	**245,523**	**17,419**	**262,942**
	GJ	15,774	829	16,603	14,653	686	15,339	11,491	769	12,260	**8,804**	**625**	**9,429**
Petrol	Litres	509,007	275,949	784,956	485,867	275,110	760,977	430,244	278,729	708,972	**354,702**	**275,312**	**630,014**
	GJ	16,380	8,880	25,260	15,635	8,853	24,488	13,845	8,969	22,815	**11,414**	**8,860**	**20,274**
LPG	Tonnes	N/A	N/A	N/A	N/A	N/A	N/A	112	67	179	**104**	**68**	**172**
Emission													
Direct CO_2e emissions	Tonnes	2,598	811	3,409	2,448	798	3,246	2,053	814	2,868	**1,641**	**794**	**2,435**
Electricity indirect CO_2e emissions[2]	Tonnes	20,015	9,422	29,437	20,040	9,783	29,823	19,602	9,810	29,413	**17,617**	**9,047**	**26,665**
SOx	Tonnes	N/A	N/A	N/A	N/A	N/A	N/A	0.11	0.07	0.18	**0.10**	**0.07**	**0.17**
NOx	Tonnes	N/A	N/A	N/A	N/A	N/A	N/A	28	15	43	**25**	**15**	**40**
Water													
Fresh water used	m^3	392,869	126,231[5]	519,100	365,829	165,077[5]	530,906	333,686	151,718[5]	485,404	**385,853**	**143,596[6]**	**529,449**
Intensity of water consumption	m^3/per person	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	**171.91**	**142.17**	**162.76**
Waste [3]													
Non-hazardous waste disposal	Tonnes	N/A	N/A	N/A	N/A	N/A	N/A	4,334	404	4,738	**6,521**	**1,858**	**8,379**
Materials used[4]													
Cement	Tonnes	17,494	186	17,680	10,831	290	11,121	11,496	739	12,235	**8,394**	**11**	**8,405**
Steel	Tonnes	4,557	1	4,558	2,001	70	2,071	1,777	17	1,794	**1,415**	**10**	**1,425**
Steel strand	Tonnes	86	0	86	65	0	65	105	0	105	**2,383**	**0**	**2,383**
Bitumen	m^3	9,122	0	9,122	9,943	562	10,505	4,972	1,225	6,197	**17,716**	**895**	**18,611**

Notes:

(1) Estimated data based on the energy consumption of a total of 34 surveillance cameras powered by micro wind and solar power on the Western Delta Route. During the reporting year, 8 new cameras were installed.

(2) Calculation based on the purchased electricity figures and applied the default Mainland China Southern Grid emission factor of 867.6gCO_2/kWh.

(3) Data refer to the collection of waste caused by road users and natural environment along the GS Superhighway and the Western Delta Route. Data is affected by the change of traffic flow, weather conditions and the frequency of road cleaning, resulting in a higher year–on–year fluctuation.

(4) The consumption of materials for repair and maintenance works on the GS Superhighway and the Western Delta Route were included.

(5) Estimated data quoted last year was revised to actual data.

(6) Data from April to June in 2017 at some toll stations were estimated based on monthly usage from July 2016 to March 2017.

Social Performance Table

Indicators	Units	FY 14 GS Superhighway JV	FY 14 West Route JV	FY 15 GS Superhighway JV	FY 15 West Route JV	FY 16 GS Superhighway JV	FY 16 West Route JV	**FY 17 GS Superhighway JV**	**FY 17 West Route JV**
Total Full-time Workforce									
by Location	no.								
Hong Kong		3	2	3	1	3	1	**3**	**1**
Mainland China		2,581	949	2,485	925	2,339	981	**2,240**	**1,009**
Total HK and China Employees	no.	**2,584**	**951**	**2,488**	**926**	**2,342**	**982**	**2,243**	**1,010**
by Gender	%								
Female		39.09	39.12	38.22	40.93	38.04	41.24	**37.54**	**42.08**
Male		60.91	60.88	61.78	59.07	61.96	58.76	**62.46**	**57.92**
by Age Group	%								
Under 30 years old		52.09	72.34	48.43	70.19	48.93	70.88	**50.69**	**67.43**
30-50 years old		45.47	25.66	48.27	27.97	47.57	27.70	**45.61**	**30.59**
Over 50 years old		2.44	2.00	3.30	1.84	3.50	1.43	**3.70**	**1.98**
by Employment Category	%								
Senior Management		0.35	0.84	0.36	0.65	0.38	0.61	**0.41**	**0.59**
Managerial		1.32	1.89	1.33	1.62	1.32	1.32	**1.11**	**1.19**
General		98.34	97.27	98.31	97.73	98.29	98.07	**98.48**	**98.22**
Minority groups within workforce	%	**1.86**	**2.10**	**2.49**	**1.94**	**2.39**	**2.04**	**2.27**	**1.98**
Governance Bodies									
by Gender	no.								
Female		1	0	1	0	0	0	**0**	**0**
Male		9	8	9	8	10	8	**10**	**8**
by Age Group	no.								
Under 30 years		0	0	0	0	0	0	**0**	**0**
30-50 years old		5	6	6	6	5	5	**1**	**3**
Over 50 years old		5	2	4	2	5	3	**9**	**5**
Employee turnover rate	no. (%)	**341 (13.20)**	**180 (18.93)**	**364 (14.63)**	**173 (18.68)**	**539 (23.01)**	**160 (16.29)**	**479 (21.36)**	**185 (18.32)**
by Gender	no. (%)								
Female		163 (6.31)	71 (7.47)	165 (6.63)	71 (7.67)	201 (8.58)	59 (6.01)	**162 (7.22)**	**77 (7.62)**
Male		178 (6.89)	109 (11.46)	199 (8.00)	102 (11.02)	338 (14.43)	101 (10.29)	**317 (14.13)**	**108 (10.69)**
by Age Group	no. (%)								
Under 30 years		273 (10.57)	158 (16.61)	295 (11.86)	156 (16.85)	359 (15.33)	119 (12.12)	**300 (13.38)**	**148 (14.65)**
30-50 years old		60 (2.32)	22 (2.31)	59 (2.37)	14 (1.51)	169 (7.22)	37 (3.77)	**161 (7.18)**	**37 (3.66)**
Over 50 years old		8 (0.31)	0 (0.00)	10 (0.40)	3 (0.32)	11 (0.47)	4 (0.41)	**18 (0.80)**	**0 (0.00)**

Indicators	Units	FY 14 GS Superhighway JV	FY 14 West Route JV	FY 15 GS Superhighway JV	FY 15 West Route JV	FY 16 GS Superhighway JV	FY 16 West Route JV	**FY 17 GS Superhighway JV**	**FY 17 West Route JV**
New Employee	no.	344	171	269	196	395	173	**399**	**173**
	(%)	(13.31)	(17.98)	(10.81)	(21.17)	(16.87)	(17.62)	**(17.79)**	**(17.13)**
by Gender	no. (%)								
Female		N/A	N/A	N/A	N/A	141	63	**121**	**71**
		N/A	N/A	N/A	N/A	(6.02)	(6.42)	**(5.40)**	**(7.03)**
Male		N/A	N/A	N/A	N/A	254	110	**278**	**102**
		N/A	N/A	N/A	N/A	(10.85)	(11.20)	**(1.24)**	**(10.10)**
by Age Group	no. (%)								
Under 30 years		N/A	N/A	N/A	N/A	383	150	**386**	**159**
		N/A	N/A	N/A	N/A	(16.35)	(15.27)	**(17.21)**	**(15.74)**
30-50 years old		N/A	N/A	N/A	N/A	12	23	**13**	**14**
		N/A	N/A	N/A	N/A	(0.51)	(2.34)	**(0.58)**	**(1.39)**
Over 50 years old		N/A	N/A	N/A	N/A	0	0	**0**	**0**
		N/A	N/A	N/A	N/A	(0.00)	(0.00)	**(0.00)**	**(0.00)**
Employees covered under collective bargaining agreement	%	**100**	**100**	**100**	**100**	**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**	**1 month**	**1 month**	**1 month**	**1 month**
Occupational Injuries by Region	no.								
Hong Kong		0	0	0	0	0	0	**0**	**0**
Mainland China		8	1	7	2	7	3	**5**	**2**
by Gender	no.								
Female		2	1	1	1	2	0	**1**	**0**
Male		6	0	6	1	5	3	**4**	**2**
Lost Days due to Injuries	Days	**N/A**	**18**	**N/A**	**178**	**412**	**440**	**230**	**142**
Work-Related Fatalities	no.	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**0**
Rate of injury per 1000 employees	%	**3.10**	**1.05**	**2.81**	**2.16**	**2.99**	**3.05**	**2.23**	**2.22**
Employees receiving regular performance reviews	%	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Appendix: HKEx ESG Reporting Guide Index Table

Details		*Section Found*	*Explanation*
A1 – Emissions			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.		Appendix: General Disclosures	
The types of emissions and respective emissions data.	1.1	Environmental Performance Tables	
Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	1.2	Environmental Performance Tables	
Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	1.3		The KPI is not relevant to our business. Waste was not identified as a key material issue for our Company. Reference can be made to the 2015/16 HHI Sustainability Report.
Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	1.4	Environmental Performance Tables	
Description of measures to mitigate emissions and results achieved.	1.5	Environment	
Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	1.6		According to the result of our environmental assessment, our environmental section focuses on management of carbon emissions, noise and air pollution. Management of waste is not defined as a material issue for our Company.
A2 – Use of Resources			
General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.		Appendix: General Disclosures	
Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s) and intensity (e.g. per unit of production volume, per facility).	2.1	Environmental Performance Tables	
Water consumption in total and intensity (e.g. per unit of production volume, per facility).	2.2	Environmental Performance Tables	
Description of energy use efficiency initiatives and results achieved.	2.3	Environment	
Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	2.4		According to the result of our environmental assessment, our environmental section focuses on management of carbon emissions, noise and air pollution. Sourcing water is not defined as a material issue for our Company.
Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	2.5		Packaging materials for finished products are minimal due to the business nature of the Group.

Details		*Section Found*	*Explanation*
A3 – The Environment and Natural Resources			
General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.		Appendix: General Disclosures	
Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.1		This is not considered as material given that there was no new expressway under construction and hence no significant impact on the environment and natural resources.
B1 – Employment			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.		Appendix: General Disclosures	
Total workforce by gender, employment type, age group and geographical region.	1.1	Social Performance Table	
Employee turnover rate by gender, age group and geographical region.	1.2	Social Performance Table	
B2 – Health and Safety			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.		Appendix: General Disclosures	
Number and rate of work-related fatalities.	2.1	Social Performance Table	
Lost days due to work injury.	2.2	Social Performance Table	
Description of occupational health and safety measures adopted, how they are implemented and monitored.	2.3	Road Safety & Traffic Efficiency	
B3 – Development and Training			
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		Employee Development Appendix: General Disclosures	
The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.1	Employee Development – Training and Development	
The average training hours completed per employee by gender and employee category.	3.2	Employee Development – Training and Development	

Details		*Section Found*	*Explanation*
B4 – Labour Standards			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.		Appendix: General Disclosures	
Description of measures to review employment practices to avoid child and forced labour.	4.1		We are committed to preventing forced and child labour. The Group's senior management works closely with our partners to make every effort to prevent forced and child labour in JV companies.
Description of steps taken to eliminate such practices when discovered.	4.2		During the year under review, no operation has been identified as having significant risk of child labour and forced labour.
B5 – Supply Chain Management			
General Disclosure Policies on managing environmental and social risks of the supply chain.		Appendix: General Disclosures	
Number of suppliers by geographical region.	5.1	Appendix: General Disclosures	
Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	5.2	Appendix: General Disclosures	
B6 – Product Responsibility			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.		Road Safety and Traffic Efficiency; Appendix: General Disclosures	
Percentage of total products sold or shipped subject to recalls for safety and health reasons.	6.1		The KPI is not relevant to our business. HHI does not sell or ship products to road users.
Number of products and service related complaints received and how they are dealt with.	6.2	Customers and Communities – Customer Satisfaction	
Description of practices relating to observing and protecting intellectual property rights.	6.3		The KPI is not relevant to our business.
Description of quality assurance process and recall procedures.	6.4		The KPI is not relevant to our business. HHI does not sell products and thus recalling products is irrelevant.
Description of consumer data protection and privacy policies, how they are implemented and monitored.	6.5	Appendix: General Disclosures	

Details		Section Found	Explanation
B7 – Anti-corruption			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.		Appendix: General Disclosures	
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	7.1	Employee Development	
Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	7.2	Employee Development Appendix: General Disclosures	
B8 – Community Investment			
General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		Customers and Communities – Community Initiatives Appendix: General Disclosures	
Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	8.1	Customers and Communities – Community Initiatives	
Resources contributed (e.g. money or time) to the focus area.	8.2	Customers and Communities – Community Initiatives	

Appendix: General Disclosures

Emissions (HKEx ESG Index A1)

HHI is committed to actively managing the environmental impact of our business. Emissions, noise and air pollution are identified as having impact on local communities and we are committed to working with our stakeholder to address these issues. Our business operates in compliance with relevant rules and regulations that have a significant impact on our business. More details can be found in the Environment section.

Use of Resources (HKEx ESG Index A2)

We encourage staff to adopt and maintain green practices in their daily lives by minimising energy and water consumption as well as limiting the use of paper when printing. We also appoint a Green Captain to each department as a leader to encourage other staff to participate in environmental initiatives as part of our "Go Green Workplace" campaign. We are committed to minimising our use of resources in all of our business operations. The Employee Handbooks for the GS Superhighway JV and the West Route JV provide policies and guidelines for employees to reduce electricity and water consumption. More details on energy efficiency can be found in the Environment section.

Environment and Natural Resources (HKEx ESG Index A3)

We are committed to minimising any potential impact on the environment and natural resources in the way we operate our business. Impact on the environment and natural resources arise from new expressway construction, however no new construction works were implemented during the reporting period. In the case where works for expressway construction is required, construction works are outsourced to contractors. The policies for contractors to protect the surrounding natural environment as required by our JV companies are provided in tender documents and construction contracts.

Employment (HKEx ESG Index B1)

HHI operates in compliance with employment and labour laws and regulations. We are an equal opportunity employer and do not discriminate against people based on their gender, age, physical ability, marital status, pregnancy, family status, sexual orientation or race. To ensure full compliance with all laws and regulations that have a significant impact on our business, HHI's senior management works closely with JV companies to ensure all workers employed are treated fairly. Our policies on working hours, compensation, medical insurance and annual leave days are outlined in HHI Employee Handbook and Employee Handbooks for the GS Superhighway JV and the West Route JV.

Health and Safety (HKEx ESG Index B2)

The health and safety of our employees are important to us. We are vigilant in addressing workplace health, safety and environmental risks and adopt relevant measures to increase the awareness of our employees. Our policy on health and safety in the Employee Handbooks for the GS Superhighway JV and the West Route JV outlines the importance of prioritising safe operations, risk prediction as well as the health and safety of employees.

There were no work-related fatalities in any of our business sectors during the reporting year. Our business operates in compliance with relevant health and safety laws and regulations that have a significant impact on our business. More details can be found in the Road Safety & Traffic Efficiency section.

Development and Training (HKEx ESG Index B3)

We offer professional and personal development training to our staff regularly. As stipulated in the HHI Employee Handbook and Employee Handbooks for the GS Superhighway JV and the West Route JV, HHI is committed to encouraging employees to acquire professional skills and knowledge through organised training by HHI. More details are provided in the Employee Development section.

Labour Standards (HKEx ESG Index B4)

Our operations and supply chain are free from negative labour practice including forced and child labour. HHI's senior management works closely with our JV partners to make every effort to prevent forced and child labour in JV companies. Additionally, our human resources department conducts internal audits regularly, where sample checks are conducted. There were no cases of child or forced labour reported. We abide by only hiring employees over the minimum legal working age of relevant labour laws and regulations.

Supply Chain Management (HKEx ESG Index B5, B5.1, B5.2)

When working with suppliers and third parties, our tender documents and contracts specifically outline our policy and requirements with regard to anti-corruption, safety, quality, environmental protection as well as timely salary compensation for rural workers. Prior to the commencement of contract works, briefings with contractors are held to inform them of our social and environmental requirements. Among the two JV companies, there are approximately 150 contractors, suppliers and service providers in total on our certified list, all of which are located in the PRC. We operate in compliance with relevant laws and regulations that have a significant impact on our business.

Product Responsibility (HKEx ESG Index B6)

Providing quality customer service is crucial to the success of our business. We are committed to ensuring the safety of our road users and operating in compliance with all relevant laws and regulations that have a significant impact on our business. Our policy in handling customer complaints is outlined in JV companies' Operation Handbooks. More details can be found in the Customers and Communities section.

In terms of customer safety, we have patrol and rescue teams, as well as surveillance camera coverage on the expressways. More details can be found in Road Safety & Traffic Efficiency section.

Consumer Data Protection and Privacy Policies (HKEx ESG Index B6.5)

JV companies' internal guidelines outline the management approach to customer data by following and complying with relevant laws and regulations to ensure that all personal data collected is handled confidentially and kept securely. More details can be found in the Customer and Community section.

Anti-Corruption (HKEx ESG Index B7)

The Code of Conduct (The Code is available at http://www.hopewellhighway.com/WebSite_en/download/corporate_governance/pp_CodeOfConduct_Eng.pdf.) and HHI Employee Handbook address anti-corruption issues and fair procurement processes. All employees of HHI are required to sign this Code of Conduct upon employment and comply fully with it during their tenure to keep a high degree of integrity. The Code is our central guide and is written based on our core values; issues addressed include bribery, conflicts of interest, relations with suppliers and contractors, investors, customers and consumers. For our JV companies, Employee Handbooks for the GS Superhighway JV and the West Route JV stipulate that malpractices and fraudulent activities are prohibited. We operate in compliance with relevant anti-corruption laws and regulations that have a significant impact on our business.

Whistle-blowing (HKEx ESG Index B7.2)

HHI has a specific Whistleblowing Policy in place and it is made available to employees to enhance the awareness of internal corporate justice. It provides employees with reporting channels and guidance on whistleblowing and it is designed to encourage employees to raise serious concerns without fear of reprisal. The policy is available at http://www.hopewellhighway.com/WebSite_en/download/corporate_governance/HHI-Whistleblowing_Policy_e_20120820.pdf.

Community Investment (HKEx ESG Index B8)

We engage with local communities through events and activities on a regular basis. Community engagement activities are organised by both JV companies and determined based on our four core areas to promote: environmental protection, community engagement, youth development and elderly care. More details can be found in the Community Initiatives section.

HKQAA
HONG KONG QUALITY ASSURANCE AGENCY
香 港 品 質 保 證 局

VERIFICATION STATEMENT

Scope and Objective

Hong Kong Quality Assurance Agency (“HKQAA”) conducted an independent verification of the Sustainability Report 2016/17 (hereinafter referred to as “the Report”) of Hopewell Highway Infrastructure Limited (hereinafter referred to as “HHI”). The Report states HHI’s commitments and progress on sustainability for the period of 1st July 2016 to 30th June 2017.

The aim of this verification was to provide a reasonable assurance on the completeness and accuracy of the information stated in the Report which was prepared in accordance with the Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”) issued by the Hong Kong Stock Exchange.

Assurance Methodology

The verification process included reviewing of relevant documentation, interviewing responsible personnel with accountability for preparing the reporting contents and verifying the selected representative sample of data and information. Raw data and supporting evidence of the selected samples were thoroughly examined.

Independence

HKQAA was not involved in collecting and calculating the reporting data, or in the development of the Report. HKQAA’s activities are independent from HHI.

Conclusion

The results of our verification provided confidence in the systems and processes used by HHI for managing and reporting sustainability performance information. It is confirmed that the contents stated in of the Report are accurate and reliable. The key performance indicators specified in the ESG Reporting Guide has been adequately addressed. The information presented in the reporting contents articulate a balanced account of HHI’s sustainability performance during the reporting period.

HHI has established effective mechanism to proactively engage with its stakeholders. Feedbacks from stakeholders were taken into account very seriously for incorporating into the company’s sustainability strategies and for preparing the reporting contents. Also, HHI has been responsive to stakeholder concerns and expectations with a number of examples shown in the Report. Overall, the material sustainability issues of HHI’s commitments, progress and achievement were included in the Report.

Signed on behalf of Hong Kong Quality Assurance Agency

Jorine Tam
Director, Strategic Business
September 2017

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 2017, the Company complied with all the code provisions as set out in the CG Code except for the deviation from code provisions A.5.1 and A.5.6 of the CG Code which are explained below.

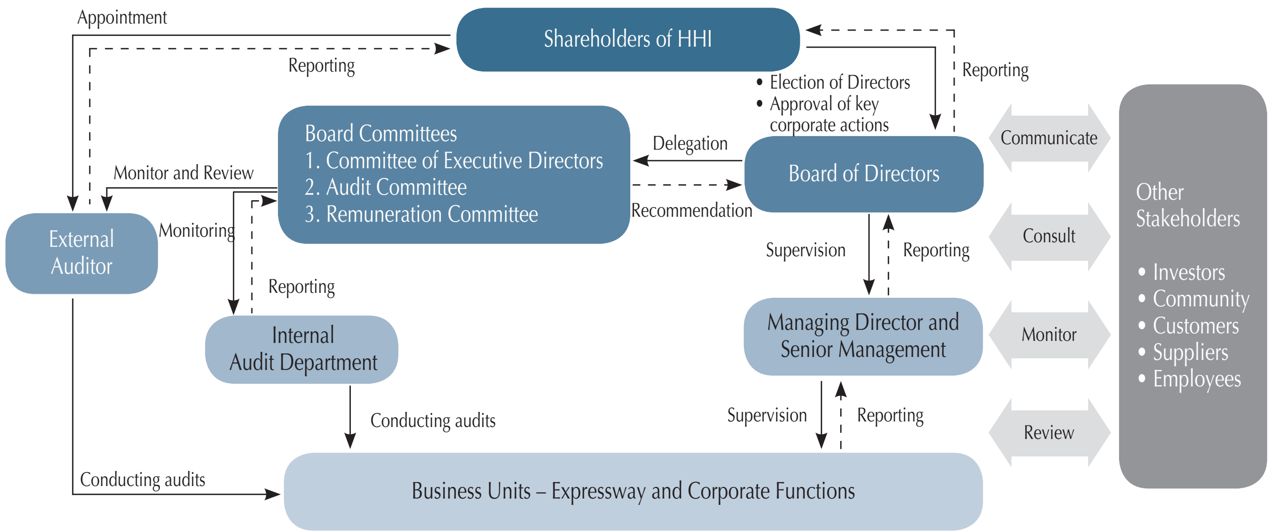
Code provision A.5.1

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

Code provision A.5.6

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

Corporate Governance Structure



Board of Directors

The Board

The Company is managed through the Board which currently comprises four Executive Directors (including the Chairman) and four Independent Non-executive Directors. More than one-third of the Board are Independent Non-executive Directors. The names and biographical details of the Directors, and the relationship amongst them, if any, are set out on pages 11 to 18 of this Annual Report. The remuneration of the Executive Directors, who are regarded as senior management of the Company, are disclosed in note 11 to the consolidated financial statements.

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

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

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

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

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

Chairman and 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 appointments and shall then be eligible for re-elections. 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.

Board Committees

The Board established the 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. These two committees currently comprise three Independent Non-executive Directors.

Audit Committee

The Audit Committee 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, or in her absence, her representative, serves as the secretary of the Audit Committee and minutes of the meetings are sent to the members of the Audit Committee within a reasonable time after the meetings.

At least one of the members of the Audit Committee has appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. None of the members of the Audit Committee was a former partner of the Company's existing external auditor within 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 roles and functions of the Audit Committee include:

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

Principal works performed during the year under review included:

- to consider and approve the remuneration and terms of engagement of the external auditor
- to review the annual financial statements for the year ended 30 June 2016 and the interim financial statements for the six months ended 31 December 2016
- to review the work performed by Internal Audit Department
- to review the Group's risk management and internal control systems and the adequacy of the financial/internal auditing resources and competency
- to review the Company's policies and practices on corporate governance

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

Remuneration Committee

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

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

Major roles and functions of the Remuneration Committee include:

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

Principal works performed during the year under review included:

- to review the level of Directors' fees and make recommendations to the Board on the Directors' fees for the year ended 30 June 2017
- to review and recommend on the remuneration packages of all Executive Directors for the year of 2017 and bonus payment for the year of 2016

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

Attendance at Meetings

For the year under review, the attendance records of the Directors at Board Meetings, Audit Committee Meetings, Remuneration Committee Meetings and the 2016 Annual General Meeting are as follows:

	Number of meetings attended/held			
Name of Directors	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	2016 Annual General Meeting
Executive Directors				
Sir Gordon WU KCMG, FICE				
Chairman	3/5#	N/A	N/A	1/1
(Mr. Thomas Jefferson WU JP as alternate)	(2/2)	N/A	N/A	N/A
Mr. Eddie Ping Chang HO				
Vice Chairman	5/5	N/A	N/A	1/1
Mr. Thomas Jefferson WU JP				
Managing Director	5/5	N/A	N/A	1/1
Mr. Alan Chi Hung CHAN				
Deputy Managing Director	5/5	N/A	N/A	1/1
Independent Non-executive Directors				
Professor Chung Kwong POON GBS, JP, PhD, DSc	5/5	4/4	2/2	1/1
Mr. Yuk Keung IP	5/5	4/4	2/2	1/1
Mr. Brian David Man Bun LI JP	5/5	4/4	2/2	1/1
Mr. Alexander Lanson LIN	5/5	N/A	N/A	1/1

Excluding attendance by alternate director

In addition, the Chairman of the Board held a meeting with the Independent Non-executive Directors without the presence of the Executive Directors in May 2017.

Induction Programme and Training for Board Members

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

During the 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.

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

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

Name of Directors	Corporate Governance	Legal and Regulatory	Group's Businesses
Executive Directors			
Sir Gordon WU KCMG, FICE	✓	✓	✓
Mr. Eddie Ping Chang HO	✓	✓	✓
Mr. Thomas Jefferson WU JP	✓	✓	✓
Mr. Alan Chi Hung CHAN	✓	✓	✓
Independent Non-executive Directors			
Professor Chung Kwong POON GBS, JP, PhD, DSc	✓	✓	✓
Mr. Yuk Keung IP	✓	✓	✓
Mr. Brian David Man Bun LI JP	✓	✓	✓
Mr. Alexander Lanson LIN	✓	✓	✓

Company Secretary

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

The Company Secretary reports to the Chairman and the 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. Po Wah HUEN resigned as the Company Secretary of the Company with effect from 14 November 2016 and upon his resignation, Ms. Ching Fan KOO of Fair Wind Secretarial Services Limited, an external service provider, has been engaged by the Company as its Company Secretary. The primary contact person of the Company with Ms. KOO is Mr. Alan Chi Hung CHAN, the Deputy Managing Director. Ms. KOO attended no less than 15 hours of relevant professional training during the year under review.

Accountability and Audit

Financial Reporting

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

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

External Auditor and their Remuneration

The Company's external auditor is DTT. The responsibilities of the auditor with respect to the financial reporting are set out in the Independent Auditor's Report on pages 101 and 106 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 Group for the six months ended 31 December 2016.

During the year ended 30 June 2017, 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	**10**
Total	**1,995**

Risk Management and Internal Controls

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

Roles and Responsibilities

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

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

Risk Management and Internal Control Framework

Under the Risk Management Policy approved by the Board in 2013 and updated in 2016, the Group strives to ensure that risk management and internal controls are integrated into the normal business processes and aligned with the strategic goals of the Group. This risk management and internal control framework, integrating the principles of the COSO model, is highlighted as follows:

Control Environment

The Group, committed to ethical values, believes that honesty, integrity and fair play are its important assets in doing business. Such belief is realized through the Group's Code of Conduct under which employees at all levels are expected to conduct themselves with integrity, impartiality and honesty. To enhance the Group's internal control mechanism and the awareness of corporate justice, a Whistle-Blowing Policy has also been in force since 2012. The Policy provides a platform for employees raising serious concerns internally, without fear of reprisal or victimization, in a responsible and effective manner.

The Board, as the top strategy and policy setting body of the Group, provides oversight to the Group's management under the leadership of the Managing Director. Clear corporate governance structure (as depicted on page 73 of our Corporate Governance Report) and reporting lines have been established with responsible parties held accountable for their own assigned areas.

Risk Assessment

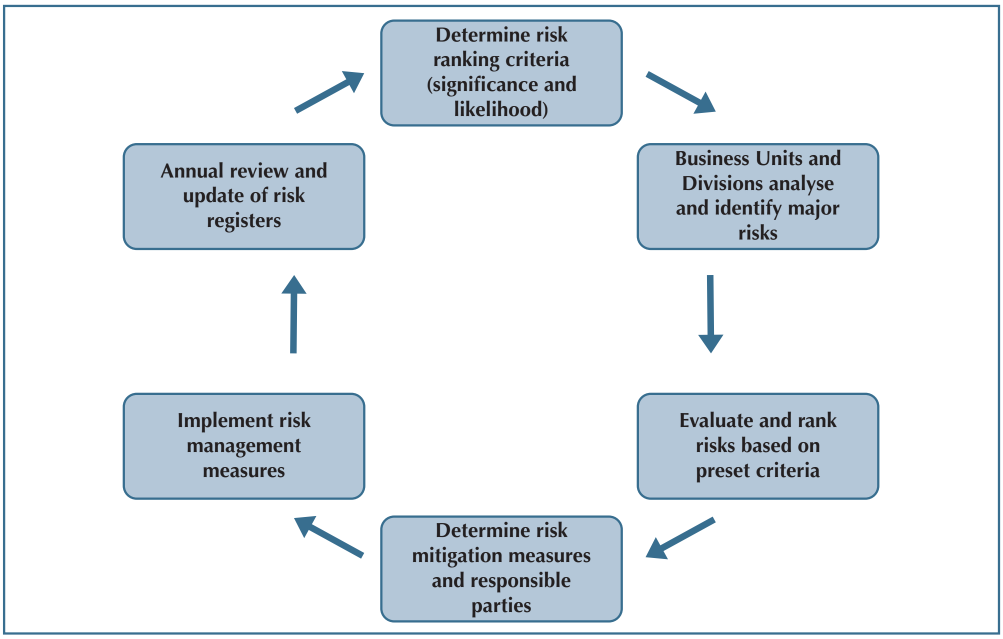
A holistic risk management framework is adopted across the Group for:

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

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

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

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



Control Activities/Information and Communication

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

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

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

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

Monitoring Activities

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

2016/17 Risk Management and Internal Control Review

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

Key Risk Profile of the Group

Based on the risk assessment conducted for 2016/17, while the Group continued to face various operating risks such as toll escape cases, cost increases and technological challenges, impacts from the macro environment contributed to the most highly-ranked risks of the Group.

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

Risk Category	**Risk Description**	**Risk Change in 2016/17**
Regulatory and Political	Political instability, unfavourable government policies, regulations and legislative changes	↔
Commercial	Market risks resulting from increasing local competition, government free roads, heightened customer requirement and price sensitivity, unfavourable changes in the demographics of surrounding communities and areas	↔
Economic and Financial	Revenue/profit reduction due to economic downturn, negative developments in financial and vehicles markets, credit crunch and refinancing risks, currency fluctuations and interest rate increases (in particular RMB and USD)	↔

Remarks:

↔ Inherent risks (risks before mitigation measures) remain stable

Business Ethics

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

Remuneration Policy

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

The fixed elements of the Executive Directors' remuneration are reviewed annually by reference to the job nature, responsibilities, experience and performance of the individual as well as prevailing market salary practices. Directors' fees for the current financial year had been approved by the shareholders at the 2016 Annual General Meeting.

Inside Information Policy

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

Model Code for Securities Transactions

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

Shareholders

Communication with Shareholders

The Company recognises the importance of communication with the shareholders of the Company, both individual and institutional as well as potential investors. The Board has adopted a Shareholders Communication Policy setting out the provisions with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable shareholders to exercise their rights in an informed manner, and to allow shareholders and potential investors to engage actively with the Company. The Shareholders Communication Policy of the Company is posted on the 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. The Company also discloses in a timely manner the traffic statistics and toll revenue of the GS Superhighway and Western Delta Route on monthly basis on the HHI Website. When announcements are made through the Stock Exchange, the same information is made available 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 the external auditor of the Company to attend the annual general meetings to answer shareholders' questions. The 2016 Annual General Meeting was held at The Glass Pavilion, 3/F., Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on 26 October 2016. The 2017 Annual General Meeting has been scheduled to be held on 26 October 2017.

Investor Relations

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

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

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

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

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

Shareholders' Rights

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

Voting by Poll

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

Convening of extraordinary general meeting on requisition by shareholders

In accordance with Article 68 of the Company's Articles of Association, (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") by written requisition. The written requisition must specify the objects of the meeting, and be signed by the shareholder(s) concerned and deposited at the principal place of business of the Company in Hong Kong at Room 63-02, 63rd Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for the attention of the Company Secretary.

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

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

Procedures for directing shareholders' enquiries to the Board

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

Investor Relations Department
Hopewell Highway Infrastructure Limited
Room 63-02, 63rd Floor, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong
Email: ir@hopewellhighway.com
Tel No.: (852) 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. 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 dispatch of the notice of the general meeting appointed for such election and ending no later than seven days prior to the date of such meeting, provided that such period shall be at least seven days. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for shareholders of the Company to propose a person for election as Director is posted on the HHI Website.

Report of the Directors

The Board of Directors have pleasure in presenting their report on the affairs of the Company and the Group together with the audited financial statements for the year ended 30 June 2017.

Principal Activities

The Company is an investment holding company. The Group focuses on initiation, promotion, development and operation of toll expressways and bridges in the PRC through its joint ventures established in the PRC. The principal activities of the Group's principal subsidiaries and the joint ventures are set out in notes 28 and 16 respectively.

Business Review

A review of the business of the Group during the year, a discussion on the Group's future business development and description of the principal risks and uncertainties the Company may be facing are provided in the Chairman's Statement on pages 6 to 10 and the Management Discussion and Analysis on pages 19 to 45 of this Annual Report. Also, the financial risk management objectives and policies of the Group can be found in note 27 to the Consolidated Financial Statements. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 30 June 2017, if applicable, are provided in the Chairman's Statement on pages 6 to 10 and the Management Discussion and Analysis on pages 19 to 45 of this Annual Report. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Highlights on page 2 and the 10-Year Financial Summary on pages 3 to 5 of this Annual Report.

In addition, discussions on the Group's environmental policies, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the Chairman's Statement, the Management Discussion and Analysis, Sustainability Report, the Corporate Governance Report and this Report of the Directors on pages 6 to 10, pages 19 to 45, pages 46 to 71, pages 72 to 90 and pages 91 to 100 of this Annual Report respectively. All the above mentioned cross references form parts of this Directors' Report.

Results

The results of the Group for the year ended 30 June 2017 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 107.

Dividends

The Directors recommend the payment of a final dividend of RMB11.6 cents per share (equivalent to HK13.58986 cents per share at the exchange rate of RMB1:HK$1.17154) (2016: RMB8.2 cents per share (equivalent to HK9.5484 cents per share)) and a special final dividend of RMB10 cents per share (equivalent to HK11.71540 cents per share at the exchange rate of RMB1:HK$1.17154) (2016: RMB40 cents per share (equivalent to HK46.5776 cents per share)) in respect of the year ended 30 June 2017.

Together with the interim dividend of RMB8.6 cents per share (equivalent to HK9.59416 cents per share) paid on 22 February 2017 (2016: RMB8.4 cents per share (equivalent to HK9.9737 cents per share)), the total dividends for the year will be RMB30.2cents per share (equivalent to HK34.89942 cents per share) (2016: RMB56.6 cents per share (equivalent to HK66.0997 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 33.

Share Capital

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

Reserves and Distributable Reserve

Details of the movements in reserves of the Group during the year are set out in the Consolidated Statement of Changes in Equity on pages 109 and 110.

Details of the distributable reserve of the Company during the year are set out in note 24 to the consolidated financial statements and the Company's distributable reserve at 30 June 2017 amounted to approximately RMB4,039 million (approximately HK$3,970 million) (2016: RMB5,327 million (approximately HK$5,117 million)) which represented retained profits and share premium of the Company as at that date.

Fixed Assets

Details of the movements in property and equipment of the Group during the year are set out in note 18 to the consolidated financial statements.

Major Customers and Suppliers

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

Directors and Senior Management

The Directors and their profiles as at the date of this report are set out on pages 11 to 18.

In accordance with the Company's Articles of Association, every Director shall retire at the conclusion of the annual general meeting of the Company held in the third year following the year of his last election/re-election and shall be eligible for re-election subject to the provisions of the Company's Articles of Association. Mr. Yuk Keung IP and Mr. Brian David Man Bun LI shall retire from office at the 2017 Annual General Meeting and, being eligible, offered themselves for re-election.

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

Permitted Indemnity Provision

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

Directors' Material Interest in Transactions, Arrangements or Contracts

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

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

As at 30 June 2017, the interests and short positions of the Directors and the chief executives of the Company in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(A) the Company

	Shares[i]					
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	Approximate % of total number of issued shares
Sir Gordon WU	17,471,884	6,815,920	27,051,498	7,670,000[iii]	59,009,302	1.91
Eddie Ping Chang HO	6,274,075	–	17,500	–	6,291,575	0.20
Thomas Jefferson WU	18,000,000	–	–	–	18,000,000	0.58
Alan Chi Hung CHAN	507,750	–	–	–	507,750	0.01

Notes:

(i) All interests in the shares of the Company were long positions.

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

(iii) The other interests in 7,670,000 shares represented the interests held by Sir Gordon WU jointly with his wife Lady WU.

(B) Associated Corporation — HHL

Directors	HHL Shares[i] 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	Approximate % of total number of issued HHL Shares
Sir Gordon WU	75,083,240	27,073,300	111,450,000	30,680,000[iii]	244,286,540	28.08
Eddie Ping Chang HO	27,691,500	–	70,000	–	27,761,500	3.19
Thomas Jefferson WU	28,900,000	–	–	–	28,900,000	3.32
Alan Chi Hung CHAN	585,000	–	–	–	585,000	0.06

Notes:

(i) All interests in HHL Shares were long positions.

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

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

Save as disclosed above, as at 30 June 2017, none of the Directors or the chief executives of the Company had any other interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Options

(A) A share option scheme was approved by both the shareholders of HHL and the Company effective on 22 October 2013 (the "HHI Share Option Scheme"). The HHI Share Option Scheme will expire on 21 October 2023, but any options then outstanding will continue to be exercisable. A summary of some of the principal terms of the HHI Share Option Scheme is set out in (B) below.

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

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

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

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

Share Awards

(A) The Share Award Scheme was adopted by the Board on 25 January 2007 ("Adoption Date"). Unless terminated earlier by the Board, the Share Award Scheme shall be valid and effective for a period of 15 years commencing on the Adoption Date, provided that no new award shall be granted on or after the 10th anniversary of the Adoption Date. A summary of some of the principal terms of the Share Award Scheme is set out in (B) below.

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

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

(C) There were no awarded shares granted, forfeited, vested or outstanding during the year ended 30 June 2017 and accordingly no dividend income was received in respect of shares held upon the trust for the Share Award Scheme (2016: Nil) during the year under review.

Equity-Linked Agreements

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

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 2017 was the Company or any of its subsidiaries, fellow subsidiaries or its parent company a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor any of their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such rights.

Directors' Remuneration

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

Directors' Service Contracts

No Director proposed for re-election at the 2017 Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation). All the Independent Non-executive Directors are appointed for a fixed period but subject to retirement from office and re-election at the annual general meetings of the Company in accordance with the Company's Articles of Association.

Retirement and Pension Plan

To comply with the statutory requirements of the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), the Group has set up the MPF Schemes. Mandatory contributions to these schemes are made by both the employers and employees at 5% of the employees' monthly relevant income capped at HK$30,000. The 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. The total contributions made by the Group to the MPF Scheme and the PRC retirement benefit schemes for the year are RMB799,000 (approximately HK$912,000) (2016: RMB876,000 (approximately HK$1,060,000)).

Management Contracts

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

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

As at 30 June 2017, so far is known to the Directors, the interests or short positions of substantial shareholders of the Company (other than the Directors and the chief executives of the Company disclosed above) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

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

Notes:

(i) All interests in the shares of the Company were long positions.

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

Save as disclosed above, as at 30 June 2017, the Company had not been notified of any other interests or short positions representing 5% or more of the total number of issued shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2017.

Pre-emptive Rights

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

Connected Transactions and Continuing Connected Transactions

During the year under review, there were no connected transactions and continuing connected transactions which are required to be disclosed in accordance with the requirements of the Listing Rules. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, none of the related party transactions as disclosed in note 31 to the consolidated financial statements constitutes a connected transaction under Chapter 14A of the Listing Rules.

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 total number of issued shares as required under the Listing Rules.

Auditor

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the 2017 Annual General Meeting.

On behalf of the Board

Sir Gordon Ying Sheung WU KCMG, FICE
Chairman

Hong Kong, 16 August 2017

Deloitte. 德勤

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

Opinion

We have audited the consolidated financial statements of Hopewell Highway Infrastructure Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 107 to 158, which comprise the consolidated statement of financial position as at 30 June 2017, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Interests in joint ventures ("JVs") and share of results of JVs — Amortisation of concession intangible assets of the JVs	
We identified the amortisation of concession intangible assets of the JVs as a key audit matter because significant judgements is required in determining the estimation of future traffic volume which has impact on the carrying value of the concession intangible assets of the JVs as at year end and the amortisation charges for the current and future years. As set out in note 16 to the consolidated financial statements, the two JVs of the Group are engaged in the development, operation and management of expressways under service concession agreements with the right to collect tolls for operating two expressways in Guangdong Province of the People's Republic of China (the "PRC"), one of which runs between Shenzhen and Guangzhou and the other links Guangzhou, Zhongshan and Zhuhai with the toll collection periods ranging from 25 years to 30 years. The Group has accounted for its interests in these JVs using the equity method of accounting. As set out in note 4(i) to the consolidated financial statements, the interests in JVs as at 30 June 2017 amounted to RMB5,171,922,000 and the share of results of JVs for the year then ended amounted to RMB680,353,000. Included in the share of results of JVs, there was an amortisation of concession intangible assets of the JVs shared by the Group amounting to RMB592,754,000 for the year ended 30 June 2017, which was calculated based on units-of-usage basis, i.e. the ratio of actual traffic volume of the underlying toll expressways for a particular period over the total expected traffic volume of the underlying toll expressways over the remaining concession period of the service concession agreements. The total expected traffic volume over the remaining concession period was estimated by the management with reference to a report prepared by a third party traffic consultant in prior year taken into consideration of various factors such as the annual growth rate of the traffic volume, the actual traffic volume in the recent periods, the change of the transportation network of the region and government policies relating to the toll expressway operation in the PRC.	Our procedures in relation to the amortisation of concession intangible assets of the two JVs included: • Evaluating the appropriateness of the accounting policy adopted and whether such accounting policy adopted reflects the consumption pattern of the concession intangible assets and benchmarking with other companies in the same industry; • Undertaking a detailed analysis on the significant judgements and estimates used in management's estimation as mentioned below; and • Comparing the expected traffic volume estimated by the management in the past against the actual traffic volume in previous years and the historical trend of traffic volume, and then obtaining reasons for any variances, as well as evaluating the appropriateness of key basis and assumptions, including the annual growth rate of the traffic volume, the change of the transportation network of the region and government policies relating to the toll expressway operation in the PRC.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Interests in joint ventures ("JVs") and share of results of JVs — Resurfacing obligations of the JVs We identified the resurfacing obligation of the JVs as a key audit matter due to the management's judgement involved in determining the amount of provision by discounted cash flow method which is based on the number of major resurfacing works to be undertaken over the concession periods under the service concession agreements and the expected costs to be incurred for each event and then discounted to the present value based on a pre-tax discount rate which could in turn affect the amount of interests in joint ventures as at 30 June 2017 and share of results of joint ventures for the year ended under the equity method of accounting for the reason stated in the above key audit matter. As disclosed in note 4(ii) to the consolidated financial statements, the JVs of the Group have contractual obligations under the contractual service concession arrangements to maintain the toll expressways to a specified level of serviceability over the respective concession periods. These obligations to maintain or restore the toll expressways, except for upgrade services, are to be recognised as resurfacing obligations in the financial statements of the JVs. As further disclosed in note 4(ii) to the consolidated financial statements, the interests in JVs as at 30 June 2017 amounted to RMB5,171,922,000 and the share of results of JVs for the year then ended amounted to RMB680,353,000. Included in the interests in JVs, there was a provision of resurfacing obligations of the JVs shared by the Group amounting to RMB179,787,000 as at 30 June 2017. The expected costs for maintenance and resurfacing and the timing of such event to take place involve estimates made by the management of the Group, which were taken into consideration of the resurfacing plans of the JVs, historical costs incurred for similar activities and the latest quotations from the service provider. These expected costs were then discounted to the present value based on a discount rate determined by the management of the Group that reflected the time value of the money and the risk specific to the obligation.	Our procedures in relation to evaluate the resurfacing obligations of the JV included: • Evaluating the appropriateness of the methodology, key bases and assumptions made by management in estimating the obligations; • Assessing the reasonableness of the expected costs of the resurfacing works and the number of major resurfacing works to be undertaken over the remaining concession period based on the technical report prepared by the engineering department of the JVs and the actual costs incurred for resurfacing works in recent periods; • Evaluating the appropriateness of the discount rate and the timing for discounting used by the management with reference to the borrowing rate of the JVs; and • Evaluating the projected traffic volume projection based on procedures performed in the key audit matter related to the amortisation on concession intangible assets of the JVs as mentioned above which is used for determining the amount of resurfacing expense to be charged to profit or loss in the respective reporting period.

Other Information

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
16 August 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

	NOTES	2016 RMB'000	**2017 RMB'000**	2016 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2017 HK$'000 (FOR INFORMATION PURPOSE ONLY)**
Other income	6	39,543	**29,060**	48,221	**33,135**
Depreciation		(190)	**(190)**	(229)	**(218)**
General and administrative expenses		(40,161)	**(40,578)**	(48,475)	**(46,296)**
Finance costs	7	(3,793)	**(19)**	(4,617)	**(22)**
Share of results of joint ventures	8	556,178	**680,353**	669,260	**776,308**
Profit before tax		551,577	**668,626**	664,160	**762,907**
Income tax expense	9	(31,086)	**(37,033)**	(37,441)	**(42,284)**
Profit for the year	10	520,491	**631,593**	626,719	**720,623**
Other comprehensive (expense) income					
Item that will not be reclassified to profit or loss:					
Exchange loss arising on translation to presentation currency		–	**–**	(599,864)	**(107,554)**
Item that may be reclassified subsequently to profit or loss:					
Exchange (loss) gain arising on translation of foreign operations		(13,581)	**7,793**	–	**–**
Total comprehensive income for the year		506,910	**639,386**	26,855	**613,069**
Profit for the year attributable to:					
Owners of the Company		511,332	**622,671**	615,702	**710,451**
Non-controlling interests		9,159	**8,922**	11,017	**10,172**
		520,491	**631,593**	626,719	**720,623**
Total comprehensive income attributable to:					
Owners of the Company		497,751	**630,464**	19,845	**603,427**
Non-controlling interests		9,159	**8,922**	7,010	**9,642**
		506,910	**639,386**	26,855	**613,069**
		RMB cents	***RMB cents***	*HK cents*	***HK cents***
Earnings per share	13				
Basic and diluted		16.59	**20.21**	19.98	**23.05**

Consolidated Statement of Financial Position

As at 30 June 2017

	NOTES	2016 RMB'000	**2017 RMB'000**	2016 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2017 HK$'000**
ASSETS					
Non-current Assets					
Interests in joint ventures	16	6,176,025	**5,171,922**	7,207,421	**5,958,054**
Investment	17	4,785	**4,785**	5,585	**5,513**
Property and equipment	18	473	**283**	552	**325**
		6,181,283	**5,176,990**	7,213,558	**5,963,892**
Current Assets					
Deposits and prepayments		691	**941**	806	**1,084**
Dividend and other receivables	21	19,675	**1,662**	22,960	**1,915**
Bank balances and cash	22	652,435	**469,067**	761,392	**540,365**
		672,801	**471,670**	785,158	**543,364**
Total Assets		6,854,084	**5,648,660**	7,998,716	**6,507,256**
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	23	270,603	**270,603**	308,169	**308,169**
Share premium and reserves		6,402,017	**5,255,732**	7,478,779	**6,058,169**
Equity attributable to owners of the Company		6,672,620	**5,526,335**	7,786,948	**6,366,338**
Non-controlling interests		46,554	**30,826**	54,328	**35,511**
Total Equity		6,719,174	**5,557,161**	7,841,276	**6,401,849**
Non-current Liability					
Deferred tax liability	25	127,412	**80,215**	148,690	**92,408**
Current Liability					
Payables and accruals		7,498	**11,284**	8,750	**12,999**
Total Liabilities		134,910	**91,499**	157,440	**105,407**
Total Equity and Liabilities		6,854,084	**5,648,660**	7,998,716	**6,507,256**
Cash and cash equivalents		652,435	**469,067**	761,392	**540,365**

Thomas Jefferson WU
Managing Director

Alan Chi Hung CHAN
Deputy Managing Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

	Attributable to owners of the Company								
	Share capital	*Share premium*	*People's Republic of China ("PRC") statutory reserves*	*Translation reserve*	*Share option reserve*	*Retained profits*	*Total*	*Non-controlling interests*	*Total*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 July 2015	270,603	5,367,936	114,710	(947,760)	371	2,441,437	7,247,297	51,797	7,299,094
Exchange loss on translation of foreign operations	–	–	–	(13,581)	–	–	(13,581)	–	(13,581)
Profit for the year	–	–	–	–	–	511,332	511,332	9,159	520,491
Total comprehensive (expense) income for the year	–	–	–	(13,581)	–	511,332	497,751	9,159	506,910
Expiry of vested share options	–	–	–	–	(371)	371	–	–	–
Dividends recognised as distribution during the year (Note 12)	–	(721,212)	–	166,508	–	(517,724)	(1,072,428)	–	(1,072,428)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(14,402)	(14,402)
As at 30 June 2016	**270,603**	**4,646,724**	**114,710**	**(794,833)**	**–**	**2,435,416**	**6,672,620**	**46,554**	**6,719,174**
Exchange gain on translation of foreign operations	**–**	**–**	**–**	**7,793**	**–**	**–**	**7,793**	**–**	**7,793**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**622,671**	**622,671**	**8,922**	**631,593**
Total comprehensive income for the year	**–**	**–**	**–**	**7,793**	**–**	**622,671**	**630,464**	**8,922**	**639,386**
Dividends recognised as distribution during the year (Note 12)	**–**	**(1,541,965)**	**–**	**287,703**	**–**	**(522,487)**	**(1,776,749)**	**–**	**(1,776,749)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(24,650)**	**(24,650)**
As at 30 June 2017	**270,603**	**3,104,759**	**114,710**	**(499,337)**	**–**	**2,535,600**	**5,526,335**	**30,826**	**5,557,161**

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

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

(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 2015	308,169	5,010,321	110,708	1,051,408	422	2,578,093	9,059,121	64,746	9,123,867
Exchange loss on translation to presentation currency	–	–	–	(595,857)	–	–	(595,857)	(4,007)	(599,864)
Profit for the year	–	–	–	–	–	615,702	615,702	11,017	626,719
Total comprehensive (expense) income for the year	–	–	–	(595,857)	–	615,702	19,845	7,010	26,855
Expiry of vested share options	–	–	–	–	(422)	422	–	–	–
Dividends recognised as distribution during the year (Note 12)	–	(671,359)	–	–	–	(620,659)	(1,292,018)	–	(1,292,018)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(17,428)	(17,428)
As at 30 June 2016	**308,169**	**4,338,962**	**110,708**	**455,551**	**–**	**2,573,558**	**7,786,948**	**54,328**	**7,841,276**
Exchange loss on translation to presentation currency	**–**	**–**	**–**	**(107,024)**	**–**	**–**	**(107,024)**	**(530)**	**(107,554)**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**710,451**	**710,451**	**10,172**	**720,623**
Total comprehensive (expense) income for the year	**–**	**–**	**–**	**(107,024)**	**–**	**710,451**	**603,427**	**9,642**	**613,069**
Dividends recognised as distribution during the year (Note 12)	**–**	**(1,434,336)**	**–**	**–**	**–**	**(589,701)**	**(2,024,037)**	**–**	**(2,024,037)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(28,459)**	**(28,459)**
As at 30 June 2017	**308,169**	**2,904,626**	**110,708**	**348,527**	**–**	**2,694,308**	**6,366,338**	**35,511**	**6,401,849**

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 2017

	2016 RMB'000	**2017** **RMB'000**	2016 HK$'000	**2017** **HK$'000**
			(FOR INFORMATION PURPOSE ONLY)	
OPERATING ACTIVITIES				
Profit before tax	551,577	**668,626**	664,160	**762,907**
Adjustments for:				
Interest income	(36,035)	**(23,539)**	(43,914)	**(26,950)**
Interest expenses	2,211	**–**	2,693	**–**
Net exchange gain	(2,329)	**(5,521)**	(2,859)	**(6,185)**
Depreciation	190	**190**	229	**218**
Share of results of joint ventures	(556,178)	**(680,353)**	(669,260)	**(776,308)**
Operating cash flows before movements in working capital	(40,564)	**(40,597)**	(48,951)	**(46,318)**
Decrease (increase) in deposits and prepayments	615	**(250)**	718	**(289)**
Decrease (increase) in other receivables	552	**(9)**	664	**(10)**
(Decrease) increase in payables and accruals	(1,845)	**3,786**	(2,218)	**4,361**
Cash used in operations	(41,242)	**(37,070)**	(49,787)	**(42,256)**
Income taxes paid	(102)	**–**	(119)	**–**
NET CASH USED IN OPERATING ACTIVITIES	(41,344)	**(37,070)**	(49,906)	**(42,256)**
INVESTING ACTIVITIES				
Purchases of property and equipment	(402)	**–**	(492)	**–**
Registered capital contribution to a joint venture	(212,000)	**–**	(261,502)	**–**
Repayment of loans from a joint venture	788,000	**–**	965,288	**–**
Placement of time deposits with original maturity over three months	(353,200)	**–**	(441,221)	**–**
Withdrawal of time deposits with original maturity over three months	353,200	**–**	433,023	**–**
Dividends received from a joint venture (net of PRC withholding tax)	822,735	**1,619,433**	995,685	**1,876,566**
Interest received	62,238	**22,361**	75,886	**25,593**
Income tax paid for interest received	(4,478)	**(7)**	(5,246)	**(8)**
NET CASH FROM INVESTING ACTIVITIES	1,456,093	**1,641,787**	1,761,421	**1,902,151**

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

	2016 RMB'000	**2017** **RMB'000**	2016 HK$'000	**2017** **HK$'000**
			(FOR INFORMATION PURPOSE ONLY)	
FINANCING ACTIVITIES				
New bank loans raised	369,453	**–**	445,000	**–**
Repayment of bank loans	(618,973)	**–**	(740,700)	**–**
Interest paid	(2,332)	**–**	(2,844)	**–**
Dividends paid to:				
– owners of the Company	(1,069,944)	**(1,799,184)**	(1,288,974)	**(2,024,119)**
– non-controlling interests of a subsidiary	(14,402)	**(24,650)**	(17,428)	**(28,459)**
NET CASH USED IN FINANCING ACTIVITIES	(1,336,198)	**(1,823,834)**	(1,604,946)	**(2,052,578)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	78,551	**(219,117)**	106,569	**(192,683)**
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	574,012	**652,435**	717,514	**761,392**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(128)	**35,749**	(62,691)	**(28,344)**
CASH AND CASH EQUIVALENTS CARRIED FORWARD	652,435	**469,067**	761,392	**540,365**

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

Company's Statement of Financial Position

	NOTES	2016 RMB'000	**2017** **RMB'000**	2016 HK$'000	**2017** **HK$'000**
				(FOR INFORMATION PURPOSE ONLY)	
ASSETS					
Non-current Assets					
Investments in subsidiaries	15	2,467,110	**2,470,059**	2,879,117	**2,845,508**
Amount due from a subsidiary	19	1,398,165	**1,435,903**	1,631,658	**1,654,160**
		3,865,275	**3,905,962**	4,510,775	**4,499,668**
Current Assets					
Deposits and prepayments		224	**252**	262	**291**
Interest and other receivables		474	**1,652**	553	**1,903**
Amounts due from subsidiaries	20	283,588	**241,200**	330,947	**277,862**
Bank balances and cash	22	651,896	**468,554**	760,763	**539,774**
		936,182	**711,658**	1,092,525	**819,830**
Total Assets		4,801,457	**4,617,620**	5,603,300	**5,319,498**
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	23	270,603	**270,603**	308,169	**308,169**
Share premium and reserves	24	4,522,994	**3,521,842**	5,285,959	**4,060,726**
		4,793,597	**3,792,445**	5,594,128	**4,368,895**
Current Liabilities					
Payables and accruals		4,161	**4,746**	4,856	**5,468**
Amounts due to subsidiaries	20	3,699	**820,429**	4,316	**945,135**
Total Liabilities		7,860	**825,175**	9,172	**950,603**
Total Equity and Liabilities		4,801,457	**4,617,620**	5,603,300	**5,319,498**
Cash and cash equivalents		651,896	**468,554**	760,763	**539,774**

Thomas Jefferson WU
Managing Director

Alan Chi Hung CHAN
Deputy Managing Director

1. General Information

Hopewell Highway Infrastructure Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's immediate holding company is 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 the joint ventures are set out in notes 28 and 16 respectively.

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

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

Amendments to IFRSs that are mandatorily effective for the current year

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

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

IAS 16 and IAS 38 (Amendments) ***Clarification of Acceptable Methods of Depreciation and Amortisation***

The Group has applied the IAS 16 and IAS 38 (Amendments) "Clarification of Acceptable Methods of Depreciation and Amortisation" for the first time in the current year. IAS 38 (Amendments) "Intangible Assets" introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue, or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

In addition, the amendments also clarify that in choosing an appropriate amortisation method an entity could determine the predominant limiting factor that is inherent in the intangible asset.

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

Amendments to IFRSs that are mandatorily effective for the current year (continued)

IAS 16 and IAS 38 (Amendments) ***Clarification of Acceptable Methods of Depreciation and Amortisation*** **(continued)**

The Group has applied the amendments prospectively in the current year. The amendments have had no material impact on the financial position or performance of the Group upon adoption on 1 July 2016 as the Group has not used a revenue-based method for the calculation of amortisation of its intangible assets.

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

New and amendments to IFRSs in issue but not yet effective

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

IFRSs (Amendments)	Annual Improvements to IFRS Standards 2014–2016 Cycle[2]
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[3]
IFRS 4 (Amendments)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[3]
IFRS 9	Financial Instruments[3]
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
IFRS 15	Revenue from Contracts with Customers and the related Amendments[3]
IFRS 16	Leases[4]
IFRS 17	Insurance Contracts[5]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[2]
IFRIC 23	Uncertainty over Income Tax Treatments[4]
IAS 7 (Amendments)	Disclosure Initiative[1]
IAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses[1]
IAS 40 (Amendments)	Transfers of Investment Property[3]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate
3 Effective for annual periods beginning on or after 1 January 2018
4 Effective for annual periods beginning on or after 1 January 2019
5 Effective for annual periods beginning on or after 1 January 2021
6 Effective for annual periods beginning on or after a date to be determined

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

New and amendments to IFRSs in issue but not yet effective (continued)

IFRS 9 *Financial Instruments*

IFRS 9 introduces (i) new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting; (ii) impairment requirements for financial assets; and (iii) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' measurement category for certain simple debt instruments.

The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as fair value through other comprehensive income (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 July 2018 and the application of IFRS 9 will not have significant impact on amounts reported in the consolidated financial statements.

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

3. Significant Accounting Policies

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

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The principal accounting policies are set out below.

3. Significant Accounting Policies (continued)

Basis of consolidation

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

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

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

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

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

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

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

Investments in subsidiaries

In the Company's statement of financial position, investments in subsidiaries are stated at cost less any identified impairment.

Interests in joint ventures

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

3. Significant Accounting Policies (continued)

Interests in joint ventures (continued)

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The requirements of IAS 39 "Financial Instruments: Recognition and Measurement" are applied to determine whether it is necessary to recognise any impairment with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment recognised forms part of the carrying amount of the investment. Any reversal of that impairment is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

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

Property and equipment

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

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

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

3. Significant Accounting Policies (continued)

Revenue recognition

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

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

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

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

Leasing

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

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

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on 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 operations are translated into RMB using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

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

3. Significant Accounting Policies (continued)

Borrowing costs

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

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.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes and the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

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

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's 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 deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

3. Significant Accounting Policies (continued)

Taxation (continued)

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

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

Financial instruments

Financial assets and financial liabilities are recognised 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. 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.

Financial assets

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, 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 dividend and other receivables, amounts due from subsidiaries, bank balances 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 measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets

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

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

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment at the end of each reporting period (see the accounting policy in respect of impairment on financial assets below).

Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

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

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

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

In respect of available-for-sale equity investments, impairment previously recognised in profit or loss are not reversed through profit or loss.

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

Financial liabilities (including payables and accruals and amounts due to subsidiaries) are subsequently measured at amortised cost using the effective interest method.

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 and point 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.

Derecognition

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

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

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

3. Significant Accounting Policies (continued)

Provision

Provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is 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. When 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).

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and other providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 23.

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 original 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 on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. When 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

3. Significant Accounting Policies (continued)

Impairment on tangible assets (continued)

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 is recognised immediately in profit or loss.

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

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

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

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

Both GS Superhighway JV and West Route JV are limited liability companies whose legal form confers separation between the parties to the joint arrangement and the Company itself. Furthermore, there are no contractual arrangements or any other facts and circumstances that specify that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, GS Superhighway JV and West Route JV are classified as joint ventures of the Group. Details are set out in note 16.

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

Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that 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:

Interests in joint ventures/share of results of joint ventures

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

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

As at 30 June 2017, the interests in joint ventures amounted to RMB5,171,922,000 (approximately HK$5,958,054,000) (2016: RMB6,176,025,000 (approximately HK$7,207,421,000)) and the share of results of joint ventures for the year then ended amounted to RMB680,353,000 (approximately HK$776,308,000) (2016: RMB556,178,000 (approximately HK$669,260,000)). Included in the share of results of joint ventures was an amount of RMB592,754,000 (approximately HK$675,815,000) (2016: RMB521,789,000 (approximately HK$627,042,000)), which represented the share of amortisation of concession intangible assets of the joint ventures of the Group. The management considers that the amortisation is calculated by reference to the best estimates of the total expected traffic volumes of the underlying toll expressways and they should not be materially different from the actual traffic volumes in future. The current year amortisation of concession intangible assets is more (2016: less) than the amortisation estimated in the prior financial year based on the then expected traffic volumes for future financial years and the effect on share of results of joint ventures is approximate to RMB11,711,000 (approximately HK$13,491,000) (2016: RMB17,485,000 (approximately HK$20,405,000)).

(ii) Resurfacing obligations of the joint ventures

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

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

Key sources of estimation uncertainty (continued)

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

(ii) Resurfacing obligations of the joint ventures (continued)

As at 30 June 2017, the interests in joint ventures amounted to RMB5,171,922,000 (approximately HK$5,958,054,000) (2016: RMB6,176,025,000 (approximately HK$7,207,421,000)) and the share of results of joint ventures for the year then ended by the Group amounted to RMB680,353,000 (approximately HK$776,308,000) (2016: RMB556,178,000 (approximately HK$669,260,000)). Included in the interests in joint ventures, an amount of RMB179,787,000 (approximately HK$207,115,000) (2016: RMB149,406,000 (approximately HK$174,356,000)), which represented the provision for the resurfacing obligations of joint ventures of the Group.

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

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

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

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

(iii) Income taxes of a joint venture

As at 30 June 2017, as included in interests in joint ventures, an amount of RMB54,533,000 (approximately HK$62,822,000) (2016: RMB67,293,000 (approximately HK$78,531,000)) represents the deferred tax asset of a joint venture in relation to its unused tax losses. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. If the actual future profits generated are less than expected, a 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. Segment Information

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

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

– Guangzhou-Shenzhen Superhighway ("GS Superhighway")
– Western Delta Route

Starting from the year ended 30 June 2017, the management simplified disclosure to reflect full operation of Western Delta Route as a whole instead of separated as Phases I, II and III of the Western Delta Route. The comparative figures have been restated for consistent presentation purpose.

Information regarding the above segments is reported below.

Segment revenue and results

	2016					2017				
	Segment revenue RMB'000	EBITDA RMB'000	Depreciation and amortisation RMB'000	Interest and tax RMB'000	Segment results RMB'000	Segment revenue RMB'000	EBITDA RMB'000	Depreciation and amortisation RMB'000	Interest and tax RMB'000	Segment results RMB'000
GS Superhighway	1,479,816	1,261,771	(414,320)	(276,685)	570,766	1,560,590	1,343,096	(460,490)	(324,108)	558,498
Western Delta Route	522,108	442,905	(181,722)	(221,257)	39,926	598,673	515,856	(210,161)	(198,386)	107,309
Total	2,001,924	1,704,676	(596,042)	(497,942)	610,692	2,159,263	1,858,952	(670,651)	(522,494)	665,807
Corporate interest income from bank deposits					26,869					23,539
Corporate interest income from loans made by the Group to a joint venture					9,166					–
Other income					1,179					–
Corporate general and administrative expenses and depreciation					(40,351)					(40,768)
Corporate finance costs					(3,793)					(19)
Corporate income tax expense					(1,244)					(7)
Net exchange loss (net of related income tax) (Note)					(82,027)					(16,959)
Profit for the year					520,491					631,593
Profit for the year attributable to non-controlling interests					(9,159)					(8,922)
Profit for the year attributable to owners of the Company					511,332					622,671

Note: Net exchange loss (net of related income tax) is composed of the Group's share of the net exchange loss (net of related income tax) of a joint venture of RMB22,480,000 (2016: RMB84,356,000) and the net exchange gain of the Group of RMB5,521,000 (2016: RMB2,329,000).

5. Segment Information (continued)

Segment revenue and results (continued)

(FOR INFORMATION PURPOSE ONLY)

	2016					2017				
	Segment revenue HK$'000	EBITDA HK$'000	Depreciation and amortisation HK$'000	Interest and tax HK$'000	Segment results HK$'000	Segment revenue HK$'000	EBITDA HK$'000	Depreciation and amortisation HK$'000	Interest and tax HK$'000	Segment results HK$'000
GS Superhighway	1,779,673	1,517,226	(498,181)	(332,801)	686,244	**1,779,681**	**1,531,445**	**(525,081)**	**(369,679)**	**636,685**
Western Delta Route	627,777	532,621	(218,068)	(266,428)	48,125	**682,726**	**588,608**	**(239,528)**	**(226,385)**	**122,695**
Total	2,407,450	2,049,847	(716,249)	(599,229)	734,369	**2,462,407**	**2,120,053**	**(764,609)**	**(596,064)**	**759,380**
Corporate interest income from bank deposits					32,566					**26,950**
Corporate interest income from loans made by the Group to a joint venture					11,348					**–**
Other income					1,448					**–**
Corporate general and administrative expenses and depreciation					(48,704)					**(46,514)**
Corporate finance costs					(4,617)					**(22)**
Corporate income tax expense					(1,539)					**(8)**
Net exchange loss (net of related income tax) (Note)					(98,152)					**(19,163)**
Profit for the year					626,719					**720,623**
Profit for the year attributable to non-controlling interests					(11,017)					**(10,172)**
Profit for the year attributable to owners of the Company					615,702					**710,451**

Note: Net exchange loss (net of related income tax) is composed of the Group's share of the net exchange loss (net of related income tax) of a joint venture of HK$25,348,000 (2016: HK$101,011,000) and the net exchange gain of the Group of HK$6,185,000 (2016: HK$2,859,000).

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

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

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

5. Segment Information (continued)

Segment revenue and results (continued)

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

	2016 RMB'000	**2017 RMB'000**	2016 HK$'000	**2017 HK$'000**
			(FOR INFORMATION PURPOSE ONLY)	
Total segment results	610,692	**665,807**	734,369	**759,380**
Add:				
Net exchange loss (net of related income tax)	(84,356)	**(22,480)**	(101,011)	**(25,348)**
Withholding tax attributed to the dividend received from and the undistributed earnings of the joint ventures (Note 9)	29,842	**37,026**	35,902	**42,276**
Share of results of joint ventures as presented in consolidated statement of profit or loss and other comprehensive income	556,178	**680,353**	669,260	**776,308**

Other segment information

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

Year	GS Superhighway RMB'000	Western Delta Route RMB'000	Segment total RMB'000	Elimination RMB'000	Unallocated RMB'000	Consolidated total RMB'000
2016	2,603	1,278	3,881	(3,881)	36,035	36,035
2017	**2,015**	**723**	**2,738**	**(2,738)**	**23,539**	**23,539**

(FOR INFORMATION PURPOSE ONLY)

Year	GS Superhighway HK$'000	Western Delta Route HK$'000	Segment total HK$'000	Elimination HK$'000	Unallocated HK$'000	Consolidated total HK$'000
2016	3,106	1,535	4,641	(4,641)	43,914	43,914
2017	**2,309**	**821**	**3,130**	**(3,130)**	**26,950**	**26,950**

5. Segment Information (continued)

Geographical information

The operations of the Group's joint ventures are located in the PRC. All of the joint ventures' revenue from external customers was generated from the services provided in the PRC and the location of the non-current assets excluding interests in joint ventures and investment amounting to RMB283,000 (approximately HK$325,000) (2016: RMB473,000 (approximately HK$552,000)) are in Hong Kong.

Segment assets and liabilities

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

6. Other Income

	2016 RMB'000	**2017** **RMB'000**	2016 HK$'000	**2017** **HK$'000**
			(FOR INFORMATION PURPOSE ONLY)	
Interest income from:				
Bank deposits	26,869	**23,539**	32,566	**26,950**
Loans made by the Group to a joint venture (Note)	9,166	**–**	11,348	**–**
Net exchange gain	2,329	**5,521**	2,859	**6,185**
Management fee income from joint ventures	1,164	**–**	1,429	**–**
Others	15	**–**	19	**–**
	39,543	**29,060**	48,221	**33,135**

Note: Loans made by the Group to a joint venture with principal amounts of RMB788,000,000 carried interest at fixed rate of 5.75% per annum and was repaid during the year ended 30 June 2016.

7. Finance Costs

	2016 RMB'000	**2017** **RMB'000**	2016 HK$'000	**2017** **HK$'000**
			(FOR INFORMATION PURPOSE ONLY)	
Interests on bank loans (Note)	2,211	**–**	2,693	**–**
Other financial expenses	1,582	**19**	1,924	**22**
	3,793	**19**	4,617	**22**

Note: The bank loans carried interests at prevailing commercial lending rates ranging from 0.78% to 1.41% per annum and were repaid during the year ended 30 June 2016.

8. Share of Results of Joint Ventures

	2016 RMB'000	**2017 RMB'000**	2016 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2017 HK$'000**
Share of results of joint ventures before share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group and amortisation of additional cost of investments in joint ventures	636,683	**767,736**	766,064	**875,955**
Amortisation of additional cost of investments in joint ventures	(80,505)	**(87,383)**	(96,804)	**(99,647)**
Share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(38,456)	**(45,098)**	(46,240)	**(51,428)**
Imputed interest income recognised by the Group on interest-free registered capital contributions made by the Group	38,456	**45,098**	46,240	**51,428**
	556,178	**680,353**	669,260	**776,308**

9. Income Tax Expense

	2016 RMB'000	**2017 RMB'000**	2016 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2017 HK$'000**
The tax charge comprises:				
PRC Enterprise Income Tax ("EIT")	41,009	**84,230**	49,698	**97,710**
Deferred tax (Note 25)	(9,923)	**(47,197)**	(12,257)	**(55,426)**
	31,086	**37,033**	37,441	**42,284**

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

The EIT charge of the Group for the year ended 30 June 2017 included an amount of RMB84,223,000 (approximately HK$97,702,000) (2016: RMB39,765,000 (approximately HK$48,159,000)) representing the 5% withholding tax imposed on dividends declared during the year by a joint venture of the Group of which the corresponding amount had already been provided for deferred tax in prior years in respect of undistributed earnings of a joint venture.

9. Income Tax Expense (continued)

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

	2016 RMB'000	2017 RMB'000	2016 HK$'000	2017 HK$'000
			(FOR INFORMATION PURPOSE ONLY)	
Profit before tax	551,577	**668,626**	664,160	**762,907**
Tax at normal PRC income tax rate of 25% (2016: 25%)	137,894	**167,157**	166,040	**190,727**
Effect of different tax rates on income tax expense	(1,317)	**(17)**	(1,629)	**(19)**
Tax effect of income not taxable for tax purposes	(6,755)	**(7,242)**	(8,188)	**(8,258)**
Tax effect of expenses not deductible for tax purposes	10,467	**10,197**	12,631	**11,635**
Tax effect of share of results of joint ventures	(139,045)	**(170,088)**	(167,315)	**(194,077)**
Deferred tax on undistributed earnings of the joint ventures (Note 25)	(9,923)	**(47,197)**	(12,257)	**(55,426)**
Withholding tax on earnings distributed by a joint venture	39,765	**84,223**	48,159	**97,702**
Income tax expense	31,086	**37,033**	37,441	**42,284**

10. Profit for the Year

	2016 RMB'000	2017 RMB'000	2016 HK$'000	2017 HK$'000
			(FOR INFORMATION PURPOSE ONLY)	
Profit for the year has been arrived at after charging:				
Auditor's remuneration	1,325	**1,404**	1,602	**1,602**
Directors' emoluments (Note 11)	20,226	**15,359**	24,344	**17,475**
Other staff costs	11,202	**16,202**	13,577	**18,533**
Total staff costs	31,428	**31,561**	37,921	**36,008**
Depreciation of property and equipment	190	**190**	229	**218**

11. Directors' and Five Highest Paid Individuals' Emoluments

Directors' emoluments

The emoluments paid or payable to each of the 8 (2016: 9) Directors were as follows:

	2016					2017				
	Directors' fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonus RMB'000	Contributions to retirement benefits plans RMB'000	Total RMB'000	Directors' fees RMB'000	Salaries and other benefits RMB'000	Discretionary Bonus RMB'000	Contributions to retirement benefits plans RMB'000	Total RMB'000
Sir Gordon Ying Sheung WU	248	1,513	–	–	1,761	263	1,602	–	–	1,865
Eddie Ping Chang HO	207	1,210	396	–	1,813	219	1,281	422	–	1,922
Thomas Jefferson WU	165	3,567	1,107	15	4,854	175	3,782	1,796	16	5,769
Alan Chi Hung CHAN (Note a)	165	3,041	935	15	4,156	175	3,232	995	16	4,418
Cheng Hui JIA (Note b)	109	4,025	2,448	–	6,582	–	–	–	–	–
Chung Kwong POON	348	–	–	–	348	368	–	–	–	368
Yuk Keung IP	348	–	–	–	348	368	–	–	–	368
Brian David Man Bun LI (Note c)	321	–	–	–	321	342	–	–	–	342
Alexander Lanson LIN (Note d)	43	–	–	–	43	307	–	–	–	307
	1,954	13,356	4,886	30	20,226	2,217	9,897	3,213	32	15,359

(FOR INFORMATION PURPOSE ONLY)

	2016					2017				
	Directors' fees HK$'000	Salaries and other benefits HK$'000	Discretionary bonus HK$'000	Contributions to retirement benefits plans HK$'000	Total HK$'000	Directors' fees HK$'000	Salaries and other benefits HK$'000	Discretionary Bonus HK$'000	Contributions to retirement benefits plans HK$'000	Total HK$'000
Sir Gordon Ying Sheung WU	300	1,828	–	–	2,128	300	1,829	–	–	2,129
Eddie Ping Chang HO	250	1,463	475	–	2,188	250	1,463	475	–	2,188
Thomas Jefferson WU	200	4,313	1,327	18	5,858	200	4,313	2,023	18	6,554
Alan Chi Hung CHAN (Note a)	200	3,677	1,121	18	5,016	200	3,685	1,121	18	5,024
Cheng Hui JIA (Note b)	133	4,843	2,900	–	7,876	–	–	–	–	–
Chung Kwong POON	420	–	–	–	420	420	–	–	–	420
Yuk Keung IP	420	–	–	–	420	420	–	–	–	420
Brian David Man Bun LI (Note c)	387	–	–	–	387	390	–	–	–	390
Alexander Lanson LIN (Note d)	51	–	–	–	51	350	–	–	–	350
	2,361	16,124	5,823	36	24,344	2,530	11,290	3,619	36	17,475

Notes:

a. Mr. Alan Chi Hung CHAN ceased to act as a member of the Remuneration Committee on 26 August 2015. He waived his additional director's fee for acting as a member of the Remuneration Committee for the period from 1 July 2015 to 25 August 2015.

b. Mr. Cheng Hui JIA resigned as an Executive Director with effect from 1 March 2016 due to his retirement.

c. Mr. Brian David Man Bun LI was appointed to act as a member of the Remuneration Committee on 26 August 2015.

d. Mr. Alexander Lanson LIN was appointed as an Independent Non-executive Director on 9 May 2016.

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

Five highest paid individuals' emoluments

Of the five individuals with the highest emoluments in the Group, 4 (2016: 5) were Directors whose details of their emoluments are disclosed above.

The emoluments of the remaining one (2016: nil) highest paid employee was as follow:

	2016 RMB'000	**2017** **RMB'000**	2016 HK$'000	**2017** **HK$'000**
			(FOR INFORMATION PURPOSE ONLY)	
Salaries and other benefits	–	**1,068**	–	**1,218**
Discretionary bonus	–	**121**	–	**138**
Contributions to retirement benefits plans	–	**16**	–	**18**
	–	**1,205**	–	**1,374**

During the years ended 30 June 2016 and 30 June 2017, no emoluments were paid by the Group to any of the persons who are Directors or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

12. Dividends

	2016 RMB'000	**2017 RMB'000**	2016 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2017 HK$'000**
Dividends paid and recognised as a distribution during the year:				
Interim dividend for the year ended 30 June 2017 paid of RMB8.6 cents (equivalent to HK9.59416 cents) (2016: for the year ended 30 June 2016 of RMB8.4 cents (equivalent to HK9.97370 cents)) per share	258,862	**275,647**	307,359	**295,662**
Final dividend for the year ended 30 June 2016 paid of RMB8.2 cents (equivalent to HK9.54840 cents) (2016: for year ended 30 June 2015 paid of RMB8.4 cents (equivalent to HK10.16650 cents)) per share	258,862	**246,840**	313,300	**294,039**
Special final dividend for the year ended 30 June 2016 paid of RMB40 cents (equivalent to HK46.57760 cents) (2016: for year ended 30 June 2015 paid of RMB18 cents (equivalent to HK21.78540 cents)) per share	554,704	**1,254,262**	671,359	**1,434,336**
	1,072,428	**1,776,749**	1,292,018	**2,024,037**
Final dividend for year ended 30 June 2017 proposed of RMB11.6 cents (equivalent to HK13.58986 cents) (2016: for year ended 30 June 2016 of RMB8.2 cents (equivalent to HK9.54840 cents)) per share	252,699	**357,476**	294,252	**418,797**
Special final dividend for year ended 30 June 2017 proposed of RMB10 cents (equivalent to HK11.71540 cents) (2016: for year ended 30 June 2016 of RMB40 cents (equivalent to HK46.57760 cents)) per share	1,232,676	**308,169**	1,435,377	**361,032**
	1,485,375	**665,645**	1,729,629	**779,829**

A final dividend and special final dividend in respect of the year ended 30 June 2017 of RMB11.6 cents (equivalent to HK13.58986 cents) per share and RMB10 cents (equivalent to HK11.71540 cents) per share respectively are 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 total number of issued shares at the date of approval of these consolidated financial statements.

13. 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:

	2016 RMB'000	**2017** **RMB'000**	2016 HK$'000	**2017** **HK$'000**
			(FOR INFORMATION PURPOSE ONLY)	
Earnings for the purposes of basic and diluted earnings per share	511,332	**622,671**	615,702	**710,451**

	2016 Number of shares	**2017** **Number** **of shares**
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	3,081,690,283	**3,081,690,283**

The computation of diluted earnings per share for the year ended 30 June 2016 is under the assumption that there is no exercise of the Company's outstanding share options as the exercise price of those options higher than the average market price for shares for the period from 1 July 2015 up to the expiry date of the share options (i.e. 31 July 2015). The Group had no potentially dilutive ordinary shares in issue during the period from 1 August 2015 to 30 June 2016 and the year ended 30 June 2017.

14. Retirement Benefits Plans

The Group has established the MPF Scheme for its Hong Kong employees. The assets of the scheme are held separately in funds which are under the control of independent trustees. The retirement benefit scheme contributions charged to profit or loss represent contributions paid or payable by the Group to the scheme at 5% of each of the employees' monthly relevant income capped at HK$30,000. In addition, the PRC employees employed by the Group are members of the state-managed retirement benefit schemes operated by the PRC Government. The Group is required to contribute 18% of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. At 30 June 2017, 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 RMB799,000 (approximately HK$912,000) (2016: RMB876,000 (approximately HK$1,060,000)).

15. Investments in Subsidiaries

The Company

	2016 RMB'000	**2017 RMB'000**	2016 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2017 HK$'000**
Investment in subsidiaries	1,816,650	**1,816,650**	2,120,031	**2,092,781**
Capital contributions to subsidiaries	650,460	**653,409**	759,086	**752,727**
	2,467,110	**2,470,059**	2,879,117	**2,845,508**

Particulars of the principal subsidiaries are set out in note 28.

16. Interests in Joint Ventures

The Group

	2016 RMB'000	**2017 RMB'000**	2016 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2017 HK$'000**
Unlisted investments:				
At cost				
Cost of investment in a joint venture	2,020,789	**2,020,789**	2,358,261	**2,327,949**
Additional cost of investments	2,520,218	**2,520,218**	2,941,094	**2,903,291**
Share of results of joint ventures before share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group (net of dividend received)	2,552,963	**1,636,243**	2,979,307	**1,884,952**
Less: Share of accumulated imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(312,934)	**(358,032)**	(365,194)	**(412,452)**
Less: Accumulated amortisation of additional cost of investments	(1,346,656)	**(1,434,039)**	(1,571,547)	**(1,652,013)**
	5,434,380	**4,385,179**	6,341,921	**5,051,727**
At amortised cost				
Registered capital contribution, at nominal amount	2,449,500	**2,449,500**	2,858,567	**2,821,824**
Fair value adjustment on initial recognition	(2,020,789)	**(2,020,789)**	(2,358,261)	**(2,327,949)**
Accumulated imputed interest income recognised by the Group	312,934	**358,032**	365,194	**412,452**
	741,645	**786,743**	865,500	**906,327**
	6,176,025	**5,171,922**	7,207,421	**5,958,054**

16. Interests in Joint Ventures (continued)

The Group (continued)

Particulars of the Group's joint ventures as at 30 June 2016 and 30 June 2017 are as follows:

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

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

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

(i) GS Superhighway JV

GS Superhighway JV is established to undertake the development, operation and management of 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.

Phase I West

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

16. Interests in Joint Ventures (continued)

The Group (continued)

(ii) West Route JV (continued)

Phase II West

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).

During the year ended 30 June 2015, the Group entered into two amendment agreements with the PRC joint venture partner of West Route JV to increase the total investment of Phase II West by RMB1,210,000,000 in aggregate to RMB6,110,000,000. 35% of the increase in total investment was funded by additional registered capital of West Route JV by RMB424,000,000 in total which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB212,000,000 (approximately HK$263,410,000)).

During the year ended 30 June 2016, the Group entered into the third amendment agreement with the PRC joint venture partner of West Route JV to increase the total investment of Phase II West by RMB605,000,000 to RMB6,715,000,000. 35% of the increase in total investment was funded by additional registered capital of West Route JV amounting to RMB212,000,000 which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contributed RMB106,000,000 (approximately HK$129,214,000)).

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

Phase III West

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 share (i.e. each to contribute RMB980,000,000). The toll collection period for Phase III West is 25 years commencing from 25 January 2013.

As at 30 June 2016 and 30 June 2017, the fully paid registered capital of West Route JV was RMB4,899,000,000.

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

16. Interests in Joint Ventures (continued)

The Group (continued)

Summarised financial information of joint ventures

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

In respect of the years ended 30 June 2016 and 30 June 2017:

	2016			2017		
	GS Superhighway JV RMB'000	West Route JV RMB'000	Total RMB'000	GS Superhighway JV RMB'000	West Route JV RMB'000	Total RMB'000
Non-current Assets						
Property and equipment	442,671	506,952		433,569	449,184	
Concession intangible assets	8,687,492	12,710,801		8,141,371	12,388,255	
	9,130,163	13,217,753		8,574,940	12,837,439	
Current Assets						
Bank balance and cash						
– Cash and cash equivalents	391,047	100,150		740,085	122,764	
– Time deposits with original maturity over three months	50,000	–		50,000	–	
Others	77,176	30,326		42,577	20,457	
	518,223	130,476		832,662	143,221	
Non-current Liabilities						
Resurfacing obligations	(270,142)	(84,059)		(328,303)	(88,988)	
Non-current financial liabilities						
– Bank and other loans	(2,833,502)	(8,027,810)		(4,410,493)	(7,436,121)	
Others	(342,165)	(111,836)		(297,249)	(139,976)	
	(3,445,809)	(8,223,705)		(5,036,045)	(7,665,085)	
Current Liabilities						
Current financial liabilities						
– Bank loans	(105,805)	(28,500)		(357,857)	–	
– Dividend payable	(40,000)	–		–	–	
– Interest payable	(1,181)	(10,688)		(4,032)	(9,175)	
Others	(547,079)	(298,279)		(600,291)	(299,062)	
	(694,065)	(337,467)		(962,180)	(308,237)	
Net assets of joint ventures	5,508,512	4,787,057		3,409,377	5,007,338	
Proportion of the Group's interest	48%	50%		48%	50%	
Net assets shared by the Group	2,644,086	2,393,529	5,037,615	1,636,501	2,503,669	4,140,170
Effect of change in profit sharing ratio of a joint venture over the operation toll period	(35,152)	–	(35,152)	(54,427)	–	(54,427)
Net assets contributable to the Group	2,608,934	2,393,529	5,002,463	1,582,074	2,503,669	4,085,743
Carrying amount of additional cost of investments	1,135,908	37,654	1,173,562	1,049,040	37,139	1,086,179
Carrying amount of the Group's interests in joint ventures	3,744,842	2,431,183	6,176,025	2,631,114	2,540,808	5,171,922

16. Interests in Joint Ventures (continued)

The Group (continued)

Summarised financial information of joint ventures (continued)
(FOR INFORMATION PURPOSE ONLY)

	2016			**2017**		
	GS Superhighway JV HK$'000	West Route JV HK$'000	Total HK$'000	**GS Superhighway JV HK$'000**	**West Route JV HK$'000**	**Total HK$'000**
Non-current Assets						
Property and equipment	516,597	591,613		**499,471**	**517,460**	
Concession intangible assets	10,138,303	14,833,505		**9,378,859**	**14,271,270**	
	10,654,900	15,425,118		**9,878,330**	**14,788,730**	
Current Assets						
Bank balance and cash						
– Cash and cash equivalents	456,352	116,875		**852,578**	**141,424**	
– Time deposits with original maturity over three months	58,350	–		**57,600**	**–**	
Others	90,065	35,390		**49,049**	**23,566**	
	604,767	152,265		**959,227**	**164,990**	
Non-current Liabilities						
Resurfacing obligations	(315,256)	(98,097)		**(378,205)**	**(102,514)**	
Non-current financial liabilities						
– Bank and other loans	(3,306,697)	(9,368,454)		**(5,080,888)**	**(8,566,411)**	
Others	(399,306)	(130,513)		**(342,431)**	**(161,252)**	
	(4,021,259)	(9,597,064)		**(5,801,524)**	**(8,830,177)**	
Current Liabilities						
Current financial liabilities						
– Bank loans	(123,474)	(33,260)		**(412,251)**	**–**	
– Dividend payable	(46,680)	–		**–**	**–**	
– Interest payable	(1,378)	(12,473)		**(4,645)**	**(10,570)**	
Others	(638,441)	(348,092)		**(691,535)**	**(344,519)**	
	(809,973)	(393,825)		**(1,108,431)**	**(355,089)**	
Net assets of joint ventures	6,428,435	5,586,494		**3,927,602**	**5,768,454**	
Proportion of the Group's interest	48%	50%		**48%**	**50%**	
Net assets shared by the Group	3,085,649	2,793,247	5,878,896	**1,885,249**	**2,884,227**	**4,769,476**
Effect of change in profit sharing ratio of a joint venture over the operation period	(41,022)	–	(41,022)	**(62,700)**	**–**	**(62,700)**
Net assets contributable to the Group	3,044,627	2,793,247	5,837,874	**1,822,549**	**2,884,227**	**4,706,776**
Carrying amount of additional cost of investments	1,325,604	43,943	1,369,547	**1,208,494**	**42,784**	**1,251,278**
Carrying amount of the Group's interests in joint ventures	4,370,231	2,837,190	7,207,421	**3,031,043**	**2,927,011**	**5,958,054**

16. Interests in Joint Ventures (continued)

The Group (continued)

Summarised financial information of joint ventures (continued)

	2016			2017		
	GS Superhighway JV RMB'000	West Route JV RMB'000	Total RMB'000	GS Superhighway JV RMB'000	West Route JV RMB'000	Total RMB'000
Toll revenue (net of business tax/ value-added tax)	3,082,949	1,044,217		3,251,230	1,197,346	
Construction revenue	36,479	3,163		119,080	12,893	
Total revenue	3,119,428	1,047,380		3,370,310	1,210,239	
Construction costs	(36,479)	(3,163)		(119,080)	(12,893)	
Other income and other expense	(172,942)	30,087		12,697	38,195	
Provision of resurfacing charges	(47,300)	(22,808)		(66,465)	(9,833)	
Toll expressway operation expenses	(383,234)	(123,764)		(373,643)	(147,751)	
General and administrative expenses	(85,107)	(41,922)		(88,148)	(46,245)	
Depreciation and amortisation charges	(696,323)	(362,602)		(778,377)	(419,292)	
Finance costs	(33,796)	(442,515)		(130,315)	(359,109)	
Income tax expense (Note i)	(421,878)	–		(456,989)	(33,030)	
Profit for the year (Note ii)	1,242,369	80,693		1,369,990	220,281	
Proportion of the Group's interest	48%	50%		48%	50%	
Profit shared by the Group	596,337	40,346	636,683	657,595	110,141	767,736

(FOR INFORMATION PURPOSE ONLY)

	2016			2017		
	GS Superhighway JV HK$'000	West Route JV HK$'000	Total HK$'000	GS Superhighway JV HK$'000	West Route JV HK$'000	Total HK$'000
Toll revenue (net of business tax/ value-added tax)	3,707,651	1,255,555		3,707,669	1,365,451	
Construction revenue	42,571	3,691		137,181	14,853	
Total revenue	3,750,222	1,259,246		3,844,850	1,380,304	
Construction costs	(42,571)	(3,691)		(137,181)	(14,853)	
Other income and other expense	(206,969)	36,212		14,904	43,551	
Provision of resurfacing charges	(56,871)	(27,425)		(75,868)	(11,204)	
Toll expressway operation expenses	(461,088)	(148,762)		(426,162)	(167,973)	
General and administrative expenses	(102,423)	(50,338)		(100,446)	(52,609)	
Depreciation and amortisation charges	(837,254)	(435,127)		(887,543)	(477,883)	
Finance costs	(40,535)	(532,857)		(148,241)	(409,697)	
Income tax expenses (Note i)	(507,855)	–		(521,806)	(37,733)	
Profit for the year (Note ii)	1,494,656	97,258		1,562,507	251,903	
Proportion of the Group's interest	48%	50%		48%	50%	
Profit shared by the Group	717,435	48,629	766,064	750,003	125,952	875,955

Notes:

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

(ii) Profit for the year of GS Superhighway JV included the amount of RMB46,834,000 (approximately HK$52,809,000) representing the net exchange loss (net of related income tax) (2016: RMB175,742,000 (approximately HK$210,440,000)).

17. Investment

The Group

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.

18. Property and Equipment

The Group

	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Total RMB'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
				(FOR INFORMATION PURPOSE ONLY)		
COST						
As at 1 July 2015	547	4,681	5,228	684	5,851	6,535
Exchange adjustments	–	–	–	(64)	(389)	(453)
Additions	326	76	402	400	92	492
Disposals/written off	–	(119)	(119)	–	(142)	(142)
As at 30 June 2016	**873**	**4,638**	**5,511**	**1,020**	**5,412**	**6,432**
Exchange adjustments	**–**	**–**	**–**	**(14)**	**(69)**	**(83)**
Disposals/written off	**–**	**(20)**	**(20)**	**–**	**(24)**	**(24)**
As at 30 June 2017	**873**	**4,618**	**5,491**	**1,006**	**5,319**	**6,325**
DEPRECIATION						
As at 1 July 2015	413	4,554	4,967	517	5,692	6,209
Exchange adjustments	–	–	–	(38)	(378)	(416)
Charge for the year	105	85	190	127	102	229
Eliminated on disposals/ written off	–	(119)	(119)	–	(142)	(142)
As at 30 June 2016	**518**	**4,520**	**5,038**	**606**	**5,274**	**5,880**
Exchange adjustments	**–**	**–**	**–**	**(7)**	**(67)**	**(74)**
Charge for the year	**127**	**63**	**190**	**145**	**73**	**218**
Eliminated on disposals/ written off	**–**	**(20)**	**(20)**	**–**	**(24)**	**(24)**
As at 30 June 2017	**645**	**4,563**	**5,208**	**744**	**5,256**	**6,000**
CARRYING AMOUNTS						
As at 30 June 2016	355	118	473	414	138	552
As at 30 June 2017	**228**	**55**	**283**	**262**	**63**	**325**

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

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, based on their assessment as at 30 June 2016 and 30 June 2017 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% (2016: 0.66% to 4.92%) per annum, representing the borrowing rates of that subsidiary. As at 30 June 2017, the amount due from a subsidiary amounting to RMB582,339,000 (approximately HK$670,854,000) (2016: RMB557,898,000 (approximately HK$651,067,000)) are denominated in HKD and the remaining amount due from a subsidiary amounting to RMB853,564,000 (approximately HK$983,306,000) (2016: RMB840,267,000 (approximately HK$980,591,000)) are denominated in RMB.

20. Amounts due from/to Subsidiaries

The Company

The current portion of amounts due from subsidiaries and the amounts due to subsidiaries are unsecured, interest-free and repayable on demand. As at 30 June 2017, amounts due from subsidiaries of RMB60,471,000 (approximately HK$69,662,000) (2016: RMB57,790,000 (approximately HK$67,441,000)) are denominated in HKD and the remaining amounts due from subsidiaries of RMB180,729,000 (approximately HK$208,200,000) (2016: RMB225,798,000 (approximately HK$263,506,000)) are denominated in RMB.

As at 30 June 2017, the amounts due to subsidiaries of RMB1,985,000 (approximately HK$2,287,000) (2016: RMB1,777,000 (approximately HK$2,073,000)) are denominated in HKD and remaining amounts due to subsidiaries of RMB818,444,000 (approximately HK$942,848,000) (2016: RMB1,922,000 (approximately HK$2,243,000)) are denominated in RMB.

21. Dividend and Other Receivables

The Group

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

	2016	***2017***	*2016*	***2017***
	RMB'000	***RMB'000***	*HK$'000*	***HK$'000***
			(FOR INFORMATION PURPOSE ONLY)	
Dividend receivable from a joint venture (Note)	19,200	**–**	22,406	**–**
Interest receivable	474	**1,652**	552	**1,903**
Others	1	**10**	2	**12**
	19,675	**1,662**	22,960	**1,915**

Note: During the year ended 30 June 2017, dividend declared by a joint venture to the Group amounting to RMB1,684,456,000 (approximately HK$1,954,044,000) (2016: RMB795,300,000 (approximately HK$963,184,000)).

22. Bank Balances and Cash

The Group

As at 30 June 2017, bank balances and cash include the time deposits with maturity of three months or less, bank balances and cash carry interest at market rates which range from 0.01% to 10.36% (2016: 0.01% to 5.24%) per annum.

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

	2016 *RMB'000*	***2017*** ***RMB'000***	*2016* *HK$'000*	***2017*** ***HK$'000***
			(FOR INFORMATION PURPOSE ONLY)	
RMB	651,787	**468,190**	760,635	**539,355**
HKD	624	**860**	728	**990**
United States dollars ("USD")	24	**17**	29	**20**
	652,435	**469,067**	761,392	**540,365**

The Company

As at 30 June 2017, bank balances and cash include the time deposits with maturity of three months or less, bank balances and cash carry interest at market rates which range from 0.01% to 10.36% (2016: 0.01% to 5.24%) per annum.

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

	2016 *RMB'000*	***2017*** ***RMB'000***	*2016* *HK$'000*	***2017*** ***HK$'000***
			(FOR INFORMATION PURPOSE ONLY)	
RMB	651,657	**468,069**	760,484	**539,215**
HKD	215	**468**	250	**539**
USD	24	**17**	29	**20**
	651,896	**468,554**	760,763	**539,774**

23. 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 2015, 30 June 2016 and 30 June 2017	10,000,000,000	1,000,000

	Number of shares	Nominal amount	
		HK$'000	Equivalent to RMB'000
Issued and fully paid:			
As at 1 July 2015, 30 June 2016 and 30 June 2017	3,081,690,283	308,169	270,603

Share option scheme

A share option scheme was approved by 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 "2003 HHI Share Option Scheme"). The 2003 HHI Share Option Scheme shall be valid and effective for a period of ten years and the purpose of which is to provide the Company with 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 (whether full-time or part-time) 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 (whether full-time or part-time) of substantial shareholders of the Company and for such other purposes as the Board 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 2003 HHI Share Option Scheme on 15 July 2013, no further options was granted but in all other respects the provisions of the 2003 HHI Share Option Scheme shall remain in full force and effect, and options which were granted during the life of the 2003 HHI Share Option Scheme may continue to be exercisable in accordance with their respective terms of issue.

23. Share Capital (continued)

The Group and the Company (continued)

Share option scheme (continued)

The following table discloses the details of share options granted under the 2003 HHI Share Option Scheme by the Company to its Directors and employees at nominal consideration:

		Number of shares under options granted						
		At 1 July 2015	Movements during the year			At 30 June 2016		Weighted average share price at the date of exercise
Date of grant	Subscription price per share HK$	Outstanding	Granted	Exercised	Lapsed	Outstanding	Exercisable	HK$
24 July 2008	5.8	400,000	–	–	(400,000)	–	–	N/A
Weighted average exercise price		HK$5.8	N/A	N/A	HK$5.8	N/A	N/A	

No share options under the 2003 HHI Share Option Scheme were granted, forfeited, vested or outstanding during year ended 30 June 2017.

The followings are the particulars of share options granted under the 2003 HHI Share Option Scheme:

Date of Grant	***Number of share options***	***Vesting period***	***Exercisable period***	***Exercise price per share*** *HK$*
24 July 2008	160,000	1 August 2008 to 31 July 2009	1 August 2009 to 31 July 2015	5.8
24 July 2008	160,000	1 August 2008 to 31 July 2010	1 August 2010 to 31 July 2015	5.8
24 July 2008	160,000	1 August 2008 to 31 July 2011	1 August 2011 to 31 July 2015	5.8
24 July 2008	160,000	1 August 2008 to 31 July 2012	1 August 2012 to 31 July 2015	5.8
24 July 2008	160,000	1 August 2008 to 31 July 2013	1 August 2013 to 31 July 2015	5.8

23. Share Capital (continued)

The Group and the Company (continued)

Share option scheme (continued)

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

Date of grant	Number of options granted	Fair values of options granted HK$	Closing share price at date of grant HK$	Exercise price HK$	Expected volatility	Option life	Risk-free rate	Expected dividend yield	Suboptimal exercise factor
24 July 2008	800,000	843,000	5.8	5.8	25.94%	7 years	3.60%	4.66%	1.31

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

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

Share award scheme

On 25 January 2007, an employees' share award scheme ("HHI Share Award Scheme") was adopted by the Company. The HHI Share Award Scheme is valid and effective for a period of 15 years commencing from 25 January 2007. Pursuant to the rules of the HHI Share Award Scheme, the Company has set up a trust, HHI Employees' Share Award Scheme Trust, for the purpose of administering the HHI Share Award Scheme and holding the awarded shares before they are vested.

For awarded shares granted on 25 January 2007 according to the HHI Share Award Scheme, the awardees shall not dispose of, nor enter into any agreement to dispose of the relevant awarded shares in the 12-month period commencing on the vesting date thereof.

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

24. Share Premium and Reserves

The Company

The Company's reserves available for distribution represent the share premium and retained profits. Under the Companies Law Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution of a dividend, the Company is able to pay its debt as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends can only be distributed out of the retained profits and share premium of the Company. As at 30 June 2017, the Company's reserves available for distribution to its shareholders amounting to RMB4,038,585,000 (approximately HK$3,969,757,000) (2016: RMB5,327,440,000 (approximately HK$5,116,629,000)), comprising retained profits of RMB933,826,000 (approximately HK$1,065,131,000) (2016: RMB680,716,000 (approximately HK$777,667,000)) and share premium of RMB3,104,759,000 (approximately HK$2,904,626,000) (2016: RMB4,646,724,000 (approximately HK$4,338,962,000)).

	Share premium *RMB'000*	***Translation reserve*** *RMB'000* *(Note i)*	***Share option reserve*** *RMB'000*	***Retained profits*** *RMB'000*	***Total*** *RMB'000*
As at 1 July 2015	5,367,936	(970,954)	371	900,419	5,297,772
Profit and total comprehensive income for the year	–	–	–	297,650	297,650
Expiry of vested share options	–	–	(371)	371	–
Dividends recognised as distribution during the year (Note 12)	(721,212)	166,508	–	(517,724)	(1,072,428)
As at 30 June 2016	**4,646,724**	**(804,446)**	**–**	**680,716**	**4,522,994**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**775,597**	**775,597**
Dividends recognised as distribution during the year (Note 12)	**(1,541,965)**	**287,703**	**–**	**(522,487)**	**(1,776,749)**
As at 30 June 2017	**3,104,759**	**(516,743)**	**–**	**933,826**	**3,521,842**

24. Share Premium and Reserves (continued)

The Company (continued)
(FOR INFORMATION PURPOSE ONLY)

	Share premium HK$'000	Translation reserve HK$'000 (Note ii)	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
As at 1 July 2015	5,010,321	596,955	422	1,044,601	6,652,299
Exchange loss on translation to presentation currency	–	(427,625)	–	–	(427,625)
Profit for the year	–	–	–	353,303	353,303
Total comprehensive (expense) income for the year	–	(427,625)	–	353,303	(74,322)
Expiry of vested share options	–	–	(422)	422	–
Dividends recognised as distribution during the year (Note 12)	(671,359)	–	–	(620,659)	(1,292,018)
As at 30 June 2016	**4,338,962**	**169,330**	**–**	**777,667**	**5,285,959**
Exchange loss on translation to presentation currency	**–**	**(78,361)**	**–**	**–**	**(78,361)**
Profit for the year	**–**	**–**	**–**	**877,165**	**877,165**
Total comprehensive (expense) income for the year	**–**	**(78,361)**	**–**	**877,165**	**798,804**
Dividends recognised as distribution during the year (Note 12)	**(1,434,336)**	**–**	**–**	**(589,701)**	**(2,024,037)**
As at 30 June 2017	**2,904,626**	**90,969**	**–**	**1,065,131**	**4,060,726**

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.

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

(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.

25. Deferred Tax Liability

The Group

The amount represents the deferred tax liability associated with the undistributed earnings of the joint ventures. The movement of deferred tax liability is as follows:

	RMB'000	*HK$'000 (FOR INFORMATION PURPOSE ONLY)*
As at 1 July 2015	137,335	171,668
Exchange adjustments	–	(10,721)
Charge to profit or loss	29,842	35,902
Release to profit or loss upon payment of withholding tax	(39,765)	(48,159)
As at 30 June 2016	**127,412**	**148,690**
Exchange adjustments	**–**	**(856)**
Charge to profit or loss	**37,026**	**42,276**
Release to profit or loss upon payment of withholding tax	**(84,223)**	**(97,702)**
As at 30 June 2017	**80,215**	**92,408**

26. Capital Risk Management

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

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

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

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

27. Financial Instruments

(a) Categories of financial instruments

	The Group			
	2016	***2017***	*2016*	***2017***
	RMB'000	***RMB'000***	*HK$'000*	***HK$'000***
			(FOR INFORMATION PURPOSE ONLY)	
Financial assets				
Loans and receivables including cash and cash equivalents	672,110	**470,893**	784,352	**542,469**
Available-for-sales financial asset	4,785	**4,785**	5,585	**5,513**
	676,895	**475,678**	789,937	**547,982**
Financial liabilities				
Amortised cost	4,460	**6,746**	5,205	**7,771**

(b) Financial risk management objectives and policies

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

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

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

27. Financial Instruments (continued)

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

(i) Foreign currency risk

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

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

	Assets				Liabilities			
	2016 RMB'000	**2017 RMB'000**	2016 HK$'000	**2017 HK$'000** (FOR INFORMATION PURPOSE ONLY)	2016 RMB'000	**2017 RMB'000**	2016 HK$'000	**2017 HK$'000** (FOR INFORMATION PURPOSE ONLY)
USD	24	**17**	29	**20**	–	**–**	–	**–**
HKD	625	**864**	730	**995**	4,455	**6,064**	5,199	**6,986**

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

Sensitivity analysis

The foreign currency risk of the Group and a joint venture is mainly concentrated on the fluctuation of RMB, the functional currency of the Company, its subsidiaries and a joint venture as at 30 June 2017, against USD and HKD. The following sensitivity analysis includes currency risk related to USD and HKD denominated monetary items of respective group entities and the joint venture.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rate and all other variables are held constant.

As the carrying amounts of foreign currency denominated monetary assets and liabilities of the Group (excluding its joint ventures) were not significant, the Directors are of the opinion that the Group's exposures to foreign currency risk is minimal. Accordingly, no sensitivity analysis is presented.

As at 30 June 2017, a joint venture of the Group had outstanding bank loans and bank balances denominated in HKD and USD that are not the functional currency of a joint venture (i.e. RMB). The foreign currency risk associated with foreign currency borrowings exposed by a joint venture is reflected in the share of results of joint ventures. If exchange rate of RMB against HKD and USD had been strengthened/weakened by 5%, the profit for the year attributable to owners of the Company for the current year would increase/decrease by RMB48,458,000 (approximately HK$55,824,000) (2016: RMB49,169,000 (approximately HK$57,380,000)).

27. Financial Instruments (continued)

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

(ii) Interest rate risk

The cash flows interest rate risk of the Group relates primarily to variable rate bank balances with details as set out in note 22 and the variable rate bank loans and bank balances of its joint ventures.

The Group is exposed to fair value interest risk in relation to certain bank balances, with details as set out in note 22. The management continues to monitor the fair value interest rate exposure of the Group.

Sensitivity analysis

As at 30 June 2017, the Group (excluding its joint ventures) are exposed to cash flow interest rate in relation to the variable rate bank balances. If interest rate had been 100 (2016: 100) basis points higher/lower, the profit for the year attributable to owners of the Company for the current year would increase/decrease by RMB4,691,000 (approximately HK$5,404,000) (2016: RMB6,524,000 (approximately HK$7,614,000)).

As at 30 June 2017, the joint ventures of the Group are exposed to cash flow interest rate risk in relation to the variable rate bank balances and bank loans. If interest rate had been 100 (2016: 100) basis points higher/lower, the profit for the year attributable to owners of the Company for the current year would decrease/increase by RMB49,910,000 (approximately HK$57,496,000 (2016: RMB48,127,000 (approximately HK$56,164,000)).

(iii) Credit risk

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

At 30 June 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective financial assets as stated in the consolidated statement of financial position.

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

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

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

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

27. Financial Instruments (continued)

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

(iv) Liquidity risk

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

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

(c) Fair value

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

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

28. Particulars of Principal Subsidiaries

The following list contains the particulars of the subsidiaries of the Company at 30 June 2016 and 30 June 2017 which principally affect the results, assets or liabilities of the Group as the Directors are of the opinion that a full list of all the subsidiaries would be of excessive length. None of the subsidiaries had issued any debt securities during the 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*	*Proportion of voting power held by the Company*	*Principal activity*
Kingnice (BVI) Limited (formerly known as Kingnice Limited)	British Virgin Islands	Ordinary shares US$20,000	97.5%	100%	Investment holding
Hopewell China Development (Superhighway) Limited	Hong Kong	Ordinary shares HK$2 Non-voting deferred shares HK$4	97.5% of issued ordinary shares	100%	Investment in expressway project
Hopewell Guangzhou-Zhuhai Superhighway Development Limited	Hong Kong	Ordinary shares HK$2 Non-voting deferred shares HK$2	100% of issued ordinary shares	100%	Investment in expressway project
HHI Finance Limited	Hong Kong	Ordinary share HK$1	100%	100%	Loan finance

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

29. Operating Leases

The Group as lessee

	2016 RMB'000	**2017** **RMB'000**	2016 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2017** **HK$'000**
Minimum lease payments paid under operating lease for premises during the year	1,152	**1,261**	1,394	**1,439**

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:

	2016 RMB'000	**2017** **RMB'000**	2016 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2017** **HK$'000**
Within one year	1,053	**–**	1,229	**–**

As at 30 June 2017, the Group does not have any negotiated lease agreement.

As at 30 June 2016, leases were negotiated for a lease term of one year and four months with fixed rentals.

30. Capital Commitments

As at 30 June 2016 and 30 June 2017, the Group has no outstanding capital commitment.

31. 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 2017, the Group paid rentals, air-conditioning, management fee and car parking charges to fellow subsidiaries amounting to RMB1,414,000 (approximately HK$1,613,000) (2016: RMB1,459,000 (approximately HK$1,765,000)).

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

Compensation of key management personnel

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

32. Guarantee

As at 30 June 2017, the unutilised uncommitted banking facilities of the Company's wholly-owned subsidiary of RMB434,028,000 (approximately HK$500,000,000) (2016: RMB428,449,000 (approximately HK$500,000,000)) are guaranteed by the Company. The Company is able to control the utilisation of the facilities.

33. Approval of Financial Statements

The consolidated financial statements on page 107 to 158 were approved and authorised for issue by the Board of Directors on 16 August 2017.

Consolidated Statement of Profit or Loss

For year ended 30 June 2017
(FOR INFORMATION PURPOSE ONLY)

	2016 RMB'000	**2017 RMB'000**	2016 HK$'000	**2017 HK$'000**
Toll revenue	2,001,924	**2,159,263**	2,407,450	**2,462,407**
Revenue on construction	19,091	**63,605**	22,280	**73,273**
Turnover	2,021,015	**2,222,868**	2,429,730	**2,535,680**
Other income and other expense (Note i)	(9,197)	**76,801**	(9,898)	**87,778**
Construction costs	(19,091)	**(63,605)**	(22,280)	**(73,273)**
Provision for resurfacing charges	(34,108)	**(36,820)**	(41,010)	**(42,019)**
Toll expressway operation expenses	(245,834)	**(253,224)**	(295,703)	**(288,544)**
General and administrative expenses	(101,974)	**(106,011)**	(122,807)	**(120,814)**
Depreciation and amortisation charges	(596,231)	**(670,841)**	(716,478)	**(764,827)**
Finance costs (Note ii)	(260,502)	**(264,673)**	(313,623)	**(301,741)**
Profit before tax	754,078	**904,495**	907,931	**1,032,240**
Income tax expense	(233,587)	**(272,902)**	(281,212)	**(311,617)**
Profit for the year	520,491	**631,593**	626,719	**720,623**
Profit for the year attributable to:				
Owners of the Company	511,332	**622,671**	615,702	**710,451**
Non-controlling interests	9,159	**8,922**	11,017	**10,172**
	520,491	**631,593**	626,719	**720,623**

Notes:

(i) Other income and other expense

	2016 RMB'000	**2017 RMB'000**	2016 HK$'000	**2017 HK$'000**
Interest income from:				
Bank deposits	30,750	**26,277**	37,207	**30,080**
Loans made by the Group to a joint venture	9,166	**–**	11,348	**–**
Imputed interest income on interest-free registered capital contributions made by the Group to a joint venture	19,228	**22,549**	23,120	**25,714**
Net exchange loss	(110,145)	**(24,453)**	(131,822)	**(27,613)**
Rental income	28,560	**26,941**	34,288	**30,706**
Others	13,244	**25,487**	15,961	**28,891**
	(9,197)	**76,801**	(9,898)	**87,778**

(ii) Finance costs

	2016 RMB'000	**2017 RMB'000**	2016 HK$'000	**2017 HK$'000**
Interest on:				
Bank loans	233,836	**241,414**	281,358	**275,217**
Loans made by the Group to a joint venture	4,583	**–**	5,674	**–**
Loans made by a joint venture partner to a joint venture	629	**–**	773	**–**
Imputed interest on:				
Interest-free registered capital contributions made by a joint venture partner	19,228	**22,549**	23,120	**25,714**
Others	515	**550**	620	**627**
	258,791	**264,513**	311,545	**301,558**
Other financial expenses	1,711	**160**	2,078	**183**
	260,502	**264,673**	313,623	**301,741**

Appendix — Consolidated Financial Information (Prepared Under Proportionate Consolidation Method)

Consolidated Statement of Financial Position

As at 30 June 2017

(FOR INFORMATION PURPOSE ONLY)

	2016 RMB'000	***2017 RMB'000***	*2016 HK$'000*	***2017 HK$'000***
ASSETS				
Non-current Assets				
Property and equipment	466,379	**432,935**	544,264	**498,741**
Concession intangible assets	11,631,547	**11,101,501**	13,574,016	**12,788,929**
Balance with a joint venture	370,822	**393,372**	432,749	**453,164**
Investment	4,785	**4,785**	5,585	**5,513**
	12,473,533	**11,932,593**	14,556,614	**13,746,347**
Current Assets				
Inventories	1,173	**1,115**	1,369	**1,285**
Deposits and prepayments	1,920	**1,611**	2,241	**1,855**
Interest and other receivables	55,703	**35,966**	65,006	**41,433**
Pledged bank balances and deposits of joint ventures	252,028	**434,191**	294,116	**500,188**
Bank balances and cash				
– The Group	652,435	**469,067**	761,392	**540,365**
– Joint ventures	9,750	**6,431**	11,377	**7,409**
	973,009	**948,381**	1,135,501	**1,092,535**
Total Assets	13,446,542	**12,880,974**	15,692,115	**14,838,882**
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	270,603	**270,603**	308,169	**308,169**
Share premium and reserves	6,402,017	**5,255,732**	7,478,779	**6,058,169**
Equity attributable to owners of the Company	6,672,620	**5,526,335**	7,786,948	**6,366,338**
Non-controlling interests	46,554	**30,826**	54,328	**35,511**
Total Equity	6,719,174	**5,557,161**	7,841,276	**6,401,849**
Non-current Liabilities				
Bank and other loans of joint ventures	5,373,629	**5,834,763**	6,271,025	**6,721,647**
Balance with a joint venture partner	370,772	**393,322**	432,691	**453,106**
Resurfacing obligations	149,406	**179,787**	174,356	**207,115**
Deferred tax liabilities	293,389	**248,998**	342,385	**286,846**
Other non-current liabilities	49,704	**39,409**	58,005	**45,400**
	6,236,900	**6,696,279**	7,278,462	**7,714,114**
Current Liabilities				
Provision, other payables, accruals and deposits received	369,077	**387,056**	430,713	**445,889**
Bank loans of joint ventures	65,036	**171,771**	75,897	**197,880**
Other interest payable	5,911	**6,523**	6,898	**7,514**
Tax liabilities	50,444	**62,184**	58,869	**71,636**
	490,468	**627,534**	572,377	**722,919**
Total Liabilities	6,727,368	**7,323,813**	7,850,839	**8,437,033**
Total Equity and Liabilities	13,446,542	**12,880,974**	15,692,115	**14,838,882**

Glossary

"2016 Annual General Meeting"	the annual general meeting of the Company held at The Glass Pavilion, 3/F., Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on Wednesday, 26 October 2016 at 10:00 a.m.
"2017 Annual General Meeting"	the annual general meeting of the Company to be held at The Glass Pavilion, 3/F., Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on Thursday, 26 October 2017 at 10:00 a.m.
"Average daily full-length equivalent traffic"	the total distance travelled by all vehicles on the expressway divided by the full length of the expressway and the number of days in the year under review
"Average daily toll revenue"	average daily toll revenue including tax
"Board"	the board of Directors of the Company
"Brexit"	the process by which the United Kingdom withdraws from the European Union
"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
"CY"	calendar year
"Director(s)"	director(s) of the Company
"DTT"	Deloitte Touche Tohmatsu
"EBITDA"	earnings before interest, tax, depreciation and amortisation
"EIT"	enterprise income tax
"FY07"	the financial year ended 30 June 2007
"FY08"	the financial year ended 30 June 2008
"FY09"	the financial year ended 30 June 2009
"FY10"	the financial year ended 30 June 2010

Glossary

"FY11"	the financial year ended 30 June 2011
"FY12"	the financial year ended 30 June 2012
"FY13"	the financial year ended 30 June 2013
"FY14"	the financial year ended 30 June 2014
"FY15"	the financial year ended 30 June 2015
"FY16"	the financial year ended 30 June 2016
"FY17"	the financial year ended 30 June 2017
"FY18"	the financial year ending 30 June 2018
"GDP"	gross domestic product
"Group"	the Company and its subsidiaries
"GS Superhighway"	Guangzhou-Shenzhen Superhighway
"GS Superhighway JV"	Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited, the joint venture company established for the GS Superhighway
"HHI Website"	the website of the Company at www.hopewellhighway.com
"HHL"	Hopewell Holdings Limited
"HHL Shares"	ordinary shares of HHL
"HK$", "HKD" or "HK Dollar(s)"	Hong Kong Dollars, the lawful currency of Hong Kong
"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" or "HKSARG"	the Government of Hong Kong

“HZM Bridge”	the Hong Kong-Zhuhai-Macao Bridge
“JV/JVs”	joint venture/ventures
“km”	kilometre
“Lady WU”	Lady WU Ivy Sau Ping Kwok
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macao”	the Macao Special Administrative Region of the PRC
“Mainland China”	the PRC, excluding Hong Kong and Macao
“MPF Scheme”	the mandatory provident fund scheme set up by the Group
“Model Code”	the Model Code for Securities transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“Phase I West”	Phase I of the Western Delta Route
“Phase II West”	Phase II of the Western Delta Route
“Phase III West”	Phase III of the Western Delta Route
“Phase IV West” or “Phase IV West Extension”	Western Coastal Expressway Branch Line, a non-HHI project owned by Guangdong Provincial Highway Construction Company Limited (the joint venture partner for WDR) and Guangdong Communication Enterprise Investment Company Limited
“PRC” or “China”	the People’s Republic of China
“PRD”	Pearl River Delta
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Award Scheme”	The share award scheme adopted by the Board on 25 January 2007

Glossary

"Sir Gordon WU"	Sir Gordon Ying Sheung WU
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"The Belt and Road initiative"	The Silk Road Economic Belt and the 21st-Century Maritime Silk Road
"United States" or "US" or "USA"	the United States of America
"USD" or "US Dollar(s)"	United States Dollars, the lawful currency of the United States
"West Route JV"	Guangdong Guangzhou-Zhuhai West Superhighway Company Limited, the joint venture company established for the Western Delta Route
"Western Delta Route" or "WDR"	the route for a network of toll expressways comprising Phase I West, Phase II West and Phase III West
"yoy" or "YoY"	year-on-year

Corporate Information

Board of Directors
Sir Gordon Ying Sheung WU[1] KCMG, FICE
Chairman
Mr. Eddie Ping Chang HO
Vice Chairman
Mr. Thomas Jefferson WU[2] JP
Managing Director
Mr. Alan Chi Hung CHAN
Deputy Managing Director
Professor Chung Kwong POON[#] GBS, JP, PhD, DSc
Mr. Yuk Keung IP[#]
Mr. Brian David Man Bun LI[#] JP
Mr. Alexander Lanson LIN[#]

1 Also as Alternate Director to Mr. Eddie Ping Chang HO
2 Also as Alternate Director to Sir Gordon Ying Sheung WU
Independent Non-executive Director

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

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

Company Secretary
Ms. Ching Fan KOO

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

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

Solicitors
Woo Kwan Lee & Lo

Auditor
Deloitte Touche Tohmatsu

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

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

+ names are in alphabetical order

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

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

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

Investor Relations
Tel: (852) 2528 4975
Fax: (852) 2529 8602
Email: ir@hopewellhighway.com

Website
www.hopewellhighway.com

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

Financial Calendar

Interim dividend announcement	4 January 2017
Exchange rate determined for payment of interim dividend in Hong Kong Dollars	4 January 2017
Ex-dividend Date	17 January 2017
Closure of Register of Members	19 January 2017
Interim results announcement	24 January 2017
Interim dividend paid ***(RMB8.6 cents or HK9.59416 cents per share)***	22 February 2017
Final results announcement	16 August 2017
Exchange rate determined for payment of proposed final dividend and special final dividend in Hong Kong Dollars	16 August 2017
Closure of Register of Members for eligibility to attend the 2017 Annual General Meeting	19 October 2017 to 26 October 2017 *(both days inclusive)*
2017 Annual General Meeting	26 October 2017
Ex-dividend Date	30 October 2017
Closure of Register of Members for entitlement of proposed final dividend and special final dividend	1 November 2017
Deadline for submission of dividend election form	21 November 2017
Proposed final dividend and special final dividend payable# ***Final dividend: RMB11.6 cents or HK13.58986 cents per share*** ***Special final dividend: RMB10 cents or HK11.71540 cents per share***	4 December 2017

Subject to approval by shareholders at the 2017 Annual General Meeting to be held on 26 October 2017.

HOPEWELL HIGHWAY INFRASTRUCTURE LIMITED

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