HOPEWELL HIGHWAY INFRASTRUCTURE LIMITED

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

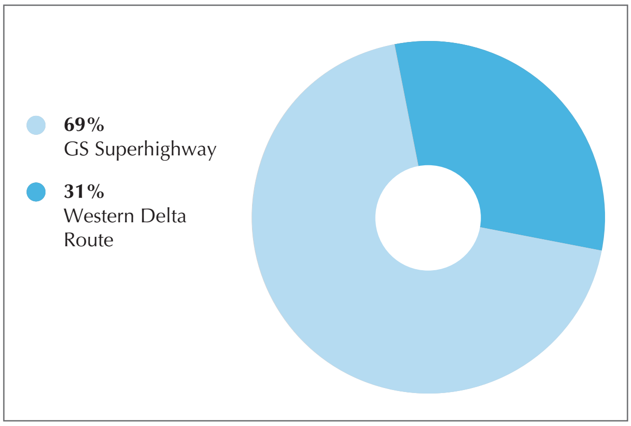
2017/18 ANNUAL REPORT

Hopewell Highway Infrastructure Limited (the "Company") (stock codes: 737 (HKD counter) and 80737 (RMB counter)), listed on the Stock Exchange since August 2003, builds and operates strategic expressway infrastructure in Guangdong Province.

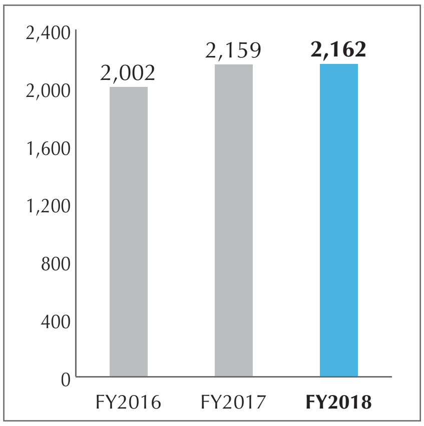
Contents

Financial Highlights
(Presented under Proportionate Consolidation Method)

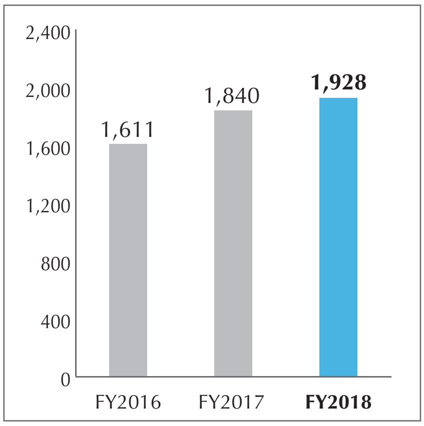
Net toll Revenue by Expressway



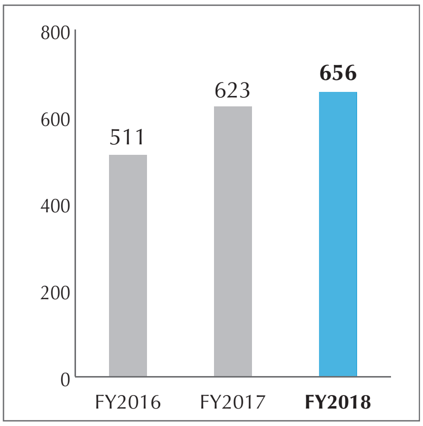
Net Toll Revenue
(RMB million)



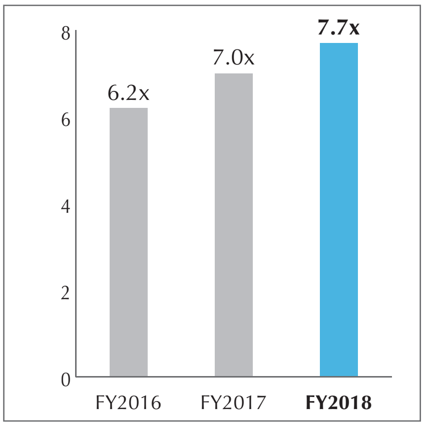
EBITDA
(RMB million)



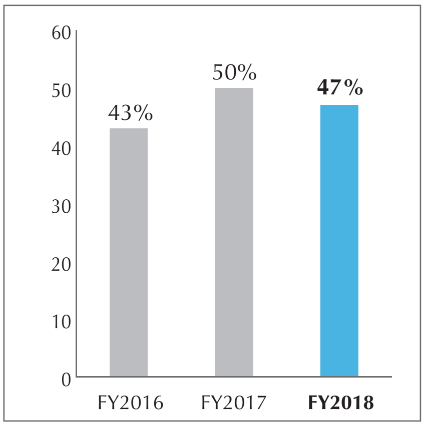
Profit Attributable to Owners of the Company
(RMB million)



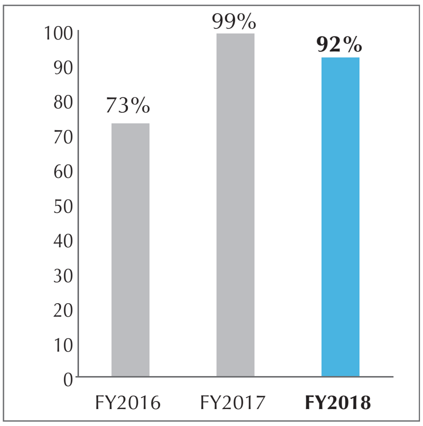
Interest Coverage
(EBITDA/Interest)



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 2009 to 2018.

Consolidated Results Prepared under the Equity Method (RMB million)

	Year ended 30 June									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	**2018**
Share of results of joint ventures	960	958	966	896	653	576	545	556	680	**724**
Corporate results	(11)	(102)	(84)	(45)	(41)	(12)	(15)	(35)	(48)	**(58)**
Profit for the year	949	856	882	851	612	564	530	521	632	**666**
Profit for the year attributable to:										
Owners of the Company	**933**	**841**	**866**	**836**	**601**	**553**	**520**	**511**	**623**	**656**
Non-controlling interests	16	15	16	15	11	11	10	10	9	**10**
Profit for the year	**949**	**856**	**882**	**851**	**612**	**564**	**530**	**521**	**632**	**666**

Segment Revenue and Results (RMB million)

	Year ended 30 June									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	**2018**
Net toll revenue	**1,593**	**1,706**	**1,934**	**1,949**	**1,803**	**1,916**	**1,919**	**2,002**	**2,159**	**2,162**
GS Superhighway	1,521	1,628	1,718	1,689	1,470	1,475	1,438	1,480	1,560	**1,499**
Western Delta Route(1)	72	78	216	260	333	441	481	522	599	**663**
EBITDA	**1,439**	**1,487**	**1,686**	**1,730**	**1,545**	**1,627**	**1,602**	**1,705**	**1,859**	**1,889**
GS Superhighway	1,380	1,426	1,506	1,516	1,272	1,266	1,209	1,262	1,343	**1,309**
Western Delta Route(1)	59	61	180	214	273	361	393	443	516	**580**
Depreciation and amortisation	**(266)**	**(295)**	**(369)**	**(397)**	**(453)**	**(519)**	**(547)**	**(595)**	**(671)**	**(692)**
GS Superhighway	(257)	(286)	(311)	(333)	(360)	(384)	(394)	(414)	(460)	**(463)**
Western Delta Route(1)	(9)	(9)	(58)	(64)	(93)	(135)	(153)	(181)	(211)	**(229)**
Interest and tax	**(270)**	**(298)**	**(495)**	**(524)**	**(511)**	**(573)**	**(548)**	**(499)**	**(522)**	**(538)**
GS Superhighway	(241)	(275)	(363)	(371)	(296)	(291)	(268)	(277)	(324)	**(325)**
Western Delta Route(1)	(29)	(23)	(132)	(153)	(215)	(282)	(280)	(222)	(198)	**(213)**
Segment results(2)	**903**	**894**	**822**	**809**	**581**	**535**	**507**	**611**	**666**	**659**
GS Superhighway	882	865	832	812	616	591	547	571	559	**521**
Western Delta Route(1)	21	29	(10)	(3)	(35)	(56)	(40)	40	107	**138**
Segment corporate results(3)	**49**	**(34)**	**(16)**	**0**	**(5)**	**24**	**19**	**(8)**	**(17)**	**(15)**
Net exchange gain/(loss)	(3)	(4)	76	42	36	5	4	(82)	(17)	**22**
Profit for the year	949	856	882	851	612	564	530	521	632	**666**
Profit for the year attributable to:										
Owners of the Company	**933**	**841**	**866**	**836**	**601**	**553**	**520**	**511**	**623**	**656**
Non-controlling interests	16	15	16	15	11	11	10	10	9	**10**
Profit for the year	**949**	**856**	**882**	**851**	**612**	**564**	**530**	**521**	**632**	**666**

10-Year Financial Summary

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

	As at 30 June									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	**2018**
Interests in joint ventures	5,036	5,117	5,893	6,447	6,256	6,131	6,203	6,176	5,172	**4,852**
Loans to a joint venture	–	–	500	30	1,030	1,000	788	–	–	**–**
Bank balances and cash	2,447	2,158	2,856	3,756	1,480	814	574	652	469	**691**
Dividend receivable from a joint venture	1	113	252	279	167	166	86	19	–	**74**
Investment	–	–	–	–	5	5	5	5	5	**5**
Property and equipment	3	2	2	1	0	0	0	0	0	**0**
Other current assets	6	2	32	35	29	12	29	2	3	**4**
Total assets	**7,493**	**7,392**	**9,535**	**10,548**	**8,967**	**8,128**	**7,685**	**6,854**	**5,649**	**5,626**
Bank loans	–	–	21	1,058	602	698	237	–	–	**–**
Corporate bonds	–	–	1,980	1,980	600	–	–	–	–	**–**
Dividend payable	–	–	–	–	–	–	–	–	–	**371**
PRC withholding tax liabilities	104	100	132	137	133	133	137	127	80	**70**
Other current liabilities	29	10	31	36	11	11	12	8	12	**10**
Total liabilities	**133**	**110**	**2,164**	**3,211**	**1,346**	**842**	**386**	**135**	**92**	**451**
Non-controlling interests	42	45	50	55	50	50	52	46	31	**27**
Equity attributable to owners of the Company	**7,318**	**7,237**	**7,321**	**7,282**	**7,571**	**7,236**	**7,247**	**6,673**	**5,526**	**5,148**

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

	Year ended 30 June									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	**2018**
Net cash used in operating activities	(35)	(25)	(46)	(46)	(42)	(38)	(38)	(42)	(37)	**(36)**
Net cash from (used in) investing activities	985	696	(1,150)	1,077	496	57	1,549	1,456	1,642	**930**
Net cash from (used in) financing activities	(3,795)	(929)	1,182	103	(2,240)	(1,435)	(1,001)	(1,336)	(1,824)	**(674)**
Net increase (decrease) in cash and cash equivalents	(2,845)	(258)	(14)	1,134	(1,786)	(1,416)	510	78	(219)	**220**
Cash and cash equivalents at the beginning of year	5,275	2,447	2,158	2,133	3,266	1,480	64	574	652	**469**
Effect of foreign exchange rate changes	17	(31)	(11)	(1)	0	0	0	0	36	**2**
Cash and cash equivalents at the end of year	2,447	2,158	2,133	3,266	1,480	64	574	652	469	**691**
Time deposits with original maturity over three months	–	–	723	490	–	750	–	–	–	**–**
Total bank balances and cash	**2,447**	**2,158**	**2,856**	**3,756**	**1,480**	**814**	**574**	**652**	**469**	**691**

10-Year Financial Summary

Per Share Basis

	Year ended 30 June									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	**2018**
Basic earnings per share (RMB cents)	31.5	28.4	29.2	28.2	19.5	17.9	16.9	16.6	20.2	**21.3**
Dividend per share (RMB cents)										
– Interim	15.0	15.0	13.6	14.7	10.0	9.8	8.4	8.4	8.6	**11.6**
– Final	15.9	13.1	14.9	13.0	9.0	8.1	8.4	8.2	11.6	**9.7**
– Extraordinary special/ Special final	73.9	–	–	–	10.0	–	18.0	40.0	10.0	**10.0**
Net asset value per share (RMB)	2.5	2.4	2.5	2.5	2.5	2.4	2.4	2.2	1.8	**1.7**
Dividend payout ratio(4)	98%	99%	98%	98%	97%	100%	100%	100%	100%	**100%**

Financial Ratios

	As at 30 June									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	**2018**
Return on equity attributable to owners of the Company	13%	12%	12%	12%	8%	8%	7%	8%	11%	**13%**
Prepared under Equity Method										
Total debt(5) to total assets	–	–	21%	29%	13%	9%	3%	–	–	**–**
Gearing ratio (Net debt(5) to equity attributable to owners of the Company)	–	–	–	–	–	–	–	–	–	**–**

Notes:

(1) The toll collection period for Phase II West and Phase III West are 25 years commencing from 25 June 2010 and 25 January 2013 respectively.

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

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

(4) Excluding extraordinary special and special final dividend.

(5) 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.

Chairman's Statement

I am incredibly honoured to have been appointed as Chairman of the Board. In April 2018, SIHC completed the acquisition of shares of the Company held by Hopewell Holdings Limited, and became the ultimate holding company of the Company. SIHC is the largest municipal state-owned enterprise in Shenzhen in terms of total assets; its operations span over a wide range of sectors, including the financial services industry, science and technology parks industry, emerging industries and high-end services industry. SIHC is committed to enhancing its comprehensive competitiveness through efficient operation and management, with an aim to become one of the "Fortune Global 500" companies. As a major overseas-listed capital platform under SIHC, the Company can rely on its strong support to further optimise existing business, expand operations by maximising the use of available resources, as well as deliver value and good return on assets for shareholders, thereby enhancing long-term investment value of the Company.

Financial Results and Dividend Proposal

Toll revenue of the Group's toll expressway projects maintained a healthy growth during the current financial year. However, owing to the adjustment of its profit sharing ratio in the GS Superhighway JV from 48% to 45%, which took effect from the financial year under review, net profit of the toll expressway projects decreased slightly by 1% from RMB666 million to RMB659 million. Benefitting from higher RMB exchange gain, profit attributable to owners of the Company increased by 5% from RMB623 million to RMB656 million, and basic earnings per share stood at RMB21.29 cents.

The Board has proposed a final dividend of RMB9.7 cents per share and a special final dividend of RMB10 cents per share for the financial year ended 30 June 2018. Together with an interim dividend of RMB11.6 cents per share to be paid on 3 September 2018, total dividends for the year will amount to RMB31.3 cents per share. Total regular dividend (the aggregate of interim dividend and final dividend) will amount to RMB21.3 cents per share, representing an increase of 5% on the last financial year's total regular dividend of RMB20.2 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. Payment of the final dividend and special final dividend shall be subject to approval at the 2018 Annual General Meeting.

Chairman's Statement

Operating Environment

According to statistics from the International Monetary Fund, the global economic growth — to which the Chinese economy contributes over 30% — was 3.8% in 2017, the fastest pace since 2011. Many of the world's major economies are now growing at noticeably accelerated paces, with clearer signs of economic momentum. Higher investment expenditures from developed countries and improved export in emerging market economies have become key drivers of economic growth. Entering 2018, higher interest rates in the lending market, growth in international crude oil prices and the aggravation of international trade friction, in particular, increased tariffs on imported products between Mainland China and the United States, are adding uncertainties to the upturn in global economy, and may even pose risks of an economic slowdown.

Mainland China is currently driving economic growth under its 13th Five-Year Plan, which guides the country to deepen supply-side structural reforms, reduce excess capacity, roll out a series of tax cut measures, with a view to supporting development of the real economy. Moreover, Mainland China also allocates considerable resources to cultivate emerging and high-end industries, with an aim to build a new mechanism for economic development, as well as explore new business models and modes. The Chinese economy has been growing at the targeted pace set out in the 13th Five-Year Plan up to date in 2018, reporting a steady trend while making solid improvement in quality and efficiency. As its economy makes further progress in the transition to high-quality development, it is expected to create a sustainable operating environment for the expressway industry.

As one of the key regional development schemes set out in China's 13th Five-Year Plan, the Guangdong-Hong Kong-Macao Bay Area includes 9 cities in PRD, Hong Kong and Macao. At present, the governments of Guangdong, Hong Kong and Macao and National Development and Reform Commission have jointly signed a framework agreement in relation to developing the Bay Area. Preparation of the Development Plan for a City Cluster in the Guangdong-Hong Kong-Macao Bay Area will soon be completed, which will then accelerate development of the Bay Area. The Group's operations are located at the heart of the Bay Area, with expressways spanning core cities such as Shenzhen, Dongguan, Guangzhou and Foshan. They will certainly benefit from future development opportunities in the Bay Area, its business performance is expected to grow as development in the area takes off.

Policy environment for the expressway industry remained stable during the year under review, with no major policy being introduced at the national level. Relevant government departments were still working on the amendments to Regulation on the Administration of Toll Roads, with a view to further improving management policies for toll roads and promoting a balanced development between toll roads and free roads. In addition, as an industry-wide response to the government's call to lower the costs of the logistics industry, some of the highways controlled by state-owned enterprises in Guangdong Province successively offered toll discount for trucks, so as to encourage more trucks to use the more efficient transportation network of expressways. Meanwhile, the traffic police department also strengthened law enforcement on overloaded and over-sized trucks, for example, by restricting the access of overloaded and over-sized trucks to expressways. This will effectively reduce damage to expressway pavement, thereby helping expressway enterprises reduce their maintenance and repair costs. In addition, with the rapid development of Internet technologies, mobile payment has become increasingly popular. In order to improve operational efficiency and enhance competitiveness, on top of promoting the use of card-based Electronic Toll Collection payment, expressway operators are already exploring various new charging modes (including WeChat Pay and Alipay) to improve their service standards.

Business Review and Prospects

The Group's two expressway projects connect major cities on both sides of the PRD. With a mature local economy and frequent business and trading activities, the PRD has a sustained and stable demand for road transportation, which will support the steady growth of the Group's operations. During the year under review, the GS Superhighway recorded low single-digit growths in both traffic volume and toll revenue, mainly attributable to changes in the surrounding road network. The Western Delta Route was still affected by traffic restriction measures implemented due to construction at local roads in the adjacent areas, which led to double-digit growths in traffic volume and toll revenue. While performances of these two expressway projects are affected by short-term factors, it is expected that their future performances will remain stable, given that the basic factor of a stable economic development remains unchanged; economic development in cities along the expressways is robust; their registered car population ranks at the top of the provincial figure; their urbanisation rates are significantly above the national level and that of Guangdong Province; and there is a strong demand for transportation services. Furthermore, with the imminent opening of the HZM Bridge, the land distance between Hong Kong and western PRD will be greatly shortened, which would not only help promote passenger and freight transportation on the roads within the area, but also support performance of the Western Delta Route in the long run.

In order to make better use of its land to promote urban development, cities in the PRD region will rezone land from time to time to align with the latest development trend. To address the need of local development, relevant government departments in Zengcheng District of Guangzhou initiated works to change the nature of a parcel of land at Xintang interchange of the GS Superhighway in May 2018. To this end, the GS Superhighway JV has initiated a preliminary study to come up with an upgrade plan for Xintang interchange, with a view to reflecting and enhancing its land value.

The global arena remains complicated and volatile in 2018. Businesses are faced with higher operational and financing costs, as the gradual normalisation of monetary policy of the United States gradually tightens the previously flexible global financial environment, added with the continuous rise in international oil prices and increased trade barriers between Mainland China and the United States, which will threaten global economic activities and international trade. The adverse external environment has also aggravated the RMB exchange rate fluctuation, resulting in greater exchange risks and financing pressure; it is expected that an unpredictable international economic environment will continue to weigh on the market for some time to come. In order to reduce risks arising from a depreciating RMB and higher interest rates, and to improve capital efficiency, the Group will continue to strengthen its management on monetary funds to reduce its exposure to exchange rate fluctuations and rising interest rates, with a view to saving on finance costs.

Appreciation

On behalf of the Company and the new Board, I would like to take this opportunity to express our most sincere gratitude to all retiring Directors of the previous Board, as well as members of Board Committees for their contributions and support to the Company!

I would also like to give our heartfelt gratitude to Directors, senior management personnel and all staff members of the Group for their hard work and commitment during the past year. Last but not least, I would like to thank all our shareholders, banks and business partners for their enduring trust and support. I have every faith that we will be making still greater achievements and embarking on new adventures in the future!

Zhengyu LIU*
Chairman

Hong Kong, 27 August 2018

* *For identification purpose only*

Dividends and Closure of Register

Final Dividend and Special Final Dividend

The Board has proposed a final dividend of RMB9.7 cents per share (equivalent to HK11.114551 cents per share at the exchange rate of RMB1:HK$1.14583) and a special final dividend of RMB10 cents per share (equivalent to HK11.4583 cents per share at the exchange rate of RMB1:HK$1.14583) for the financial year ended 30 June 2018. Together with the interim dividend of RMB11.6 cents per share (equivalent to HK14.24028 cents per share at the exchange rate of RMB1:HK$1.22761) that will be paid on 3 September 2018, the total regular dividends for the year will amount to RMB21.3 cents per share. This represents an increase of 5% on the last financial year's total regular dividends of RMB20.2 cents per share (excluding a special final dividend of RMB10 cents per share). Excluding the special final dividend of RMB10 cents per share, the Company's total regular dividend for the year represents a regular dividend payout ratio of 100% of the profit attributable to owners of the Company and will be the same as that of the previous year.

Subject to shareholders' approval at the 2018 Annual General Meeting to be held on Tuesday, 30 October 2018, the proposed final dividend and special final dividend will be paid on Thursday, 6 December 2018 to shareholders of the Company registered at the close of business on Monday, 5 November 2018.

If the proposed final dividend and special final dividend are approved by the shareholders at the 2018 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 Monday, 27 August 2018 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 Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Friday, 23 November 2018. **If no dividend election is made by a shareholder, such shareholder will receive the final dividend and special final dividend in HK Dollars.**

Dividends and Closure of Register

Closure of Register

To ascertain shareholders' eligibility to attend and vote at the 2018 Annual General Meeting to be held on Tuesday, 30 October 2018, the Register of Members of the Company will be closed from Tuesday, 23 October 2018 to Tuesday, 30 October 2018, 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 2018 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 Monday, 22 October 2018.

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 Monday, 5 November 2018, if and only if the proposed final dividend and special final dividend are approved by the shareholders at the 2018 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 Friday, 2 November 2018.

Profile of Directors

Mr. Zhengyu LIU*

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

Mr. Tianliang ZHANG*

Aged 55, Mr. ZHANG was appointed as an Executive Director and the General Manager of the Company, and a director of various subsidiaries of the Company on 11 April 2018. He obtained a bachelor of Laws degree at the Hubei University in July 1985, a Master of Laws degree from the Central China Normal University in July 1987. Mr. ZHANG has obtained the qualification as a Senior Economist in 2001. In December 1991, he was as a Director Staff Member of the Three Divisions of the Policy Research Office of Hubei Provincial Government* (湖北省政府政策研究室). In February 1993, Mr. ZHANG was a Director Staff Member of the Policy Research and Political Reform Office of CPC Shenzhen Municipal Party Committee* (深圳市委政策研究室政治體制改革辦公室) and later became a Deputy Director General of the Policy Research and Political Reform Division of CPC Shenzhen Municipal Party Committee* (深圳市委政策研究室政治體制改革處). He was as a Director Staff Member of Shenzhen Construction Investment Holdings Ltd.* (深圳市建設投資控股公司) from December 1998 to October 2002. In November 2002, Mr. ZHANG was the Deputy General Manager of Shenzhen Shahe Industry (Group) Co., Ltd.* (深圳市沙河實業(集團)有限公司) and became the Chairman of the Supervisory Board in November 2004. In March 2006, he was the Deputy General Manager of Shenzhen Nongke Group Limited* (深圳市農科集團有限公司). In February 2011, Mr. ZHANG was the director and the Secretary of the Disciplinary Committee of Shenzhen Changcheng Investment Holdings Company Limited* (深圳市長城投資控股股份有限公司). Mr. ZHANG was transferred to Shenzhen Wuzhou Guesthouse Company Limited* (深圳市五洲賓館有限責任公司) in April 2014 as the Chairman and Secretary of the Party Committee.

* *For identification purpose only*

Mr. Cheng WU*

Aged 48, Mr. WU was appointed as an Executive Director and the Deputy General Manager of the Company, and a director of various subsidiaries of the Company on 11 April 2018. He obtained a bachelor's degree in Transportation Management* (交通運輸管理工程專業) from the Changsha Jiaotong College* (長沙交通學院) (now known as Changsha University of Science and Technology) in July 1995. Mr. WU worked as the Deputy General Manager at the Luohu Station of Shenzhen Transportation Services Corporation* (深圳市交通運輸服務公司羅湖汽車站) in October 1997, and became the Deputy General Manager of the Management Office of Shenzhen Kuaiyibu Logistics Company Limited* (深圳市快一步物流有限公司) in February 2002. He was the head of the Business Department of Shenzhen Highway Passenger and Freight Transport Service Centre* (深圳市公路客貨運輸服務中心) in February 2009. Mr. WU joined Shenzhen Highway Passenger and Freight Transport Service Center Company Limited* (深圳市公路客貨運輸服務中心有限公司) in June 2012 as a Deputy General Manager, and has also held an additional post of the Chairman of the Board of Directors of Shenzhen Transportation Service Company Limited* (深圳市客運服務有限公司) since November 2014.

Mr. Ji LIU*

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

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

* *For identification purpose only*

Profile of Directors

Mr. Qingyong GU*

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

Mr. Brian David Man Bun LI JP

Aged 43, Mr. LI was appointed as an Independent Non-executive Director and a member of the Audit Committee of the Company on 1 July 2011. He was further appointed as a member of the Remuneration Committee of the Company on 26 August 2015 and was appointed as the chairman of the Remuneration Committee on 11 April 2018. Mr. LI is an Executive Director & Deputy Chief Executive of The Bank of East Asia, Limited ("BEA"), a company listed on the Stock Exchange. He was General Manager & Head of Wealth Management Division of BEA from July 2004 to March 2009, and was appointed Deputy Chief Executive in April 2009. He was further appointed Executive Director of BEA in August 2014. Mr. LI is currently an Independent Non-executive Director of Towngas China Company Limited and China Overseas Land & Investment Limited, both of which are listed on the Stock Exchange.

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

Mr. LI is a member of the Hong Kong-Europe Business Council, a member of the Asian Financial Forum Steering Committee, and a committee member of the Hong Kong Chapter, the Institute of Chartered Accountants in England and Wales (the "ICAEW"). He is also a Vice Chairman of the Asian Financial Cooperation Association and a member of the Financial Consulting Committee for Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen.

Mr. LI is a fellow of the Hong Kong Institute of Certified Public Accountants and 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 and a BA degree from the University of Cambridge.

* *For identification purpose only*

Profile of Directors

Mr. Yu Lung CHING

Aged 48, Mr. CHING was appointed as an Independent Non-executive Director, a member and the chairman of the Audit Committee and a member of the Remuneration Committee of the Company on 11 April 2018. He has more than 25 years of experience in auditing, corporate finance and accounting. Mr. CHING currently serves as a financial consultant. He obtained a bachelor's degree in business administration from the Chinese University of Hong Kong and executive master's degree in business administration from Tsinghua University in 1992 and 2006, respectively. Mr. CHING is a fellow member of Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants and a member of the American Institute of Certified Public Accountants. Mr. CHING is an Independent Non-executive Director of Hopson Development Holdings Limited (Stock Code: 754), Ngai Hing Hong Company Limited (Stock Code: 1047) and Termbray Industries International (Holdings) Limited (Stock Code: 93), all of which are listed on the Main Board of the Stock Exchange. Mr. CHING had been an Independent Non-executive Director of PanAsialum Holdings Company Limited (Stock Code: 2078) until 28 February 2016.

Mr. Tony Chung Nin KAN SBS, JP

Aged 67, Mr. KAN was appointed as an Independent Non-executive Director, a member of the Audit Committee and a member of the Remuneration Committee of the Company on 11 April 2018. He is the Founder and Senior Consultant of Tony Kan & Co., Solicitors & Notaries, practising as a Solicitor of the Supreme Court of Hong Kong since 1982. He is also a Solicitor of the Supreme Court of England and Wales, a Barrister and Solicitor of the Supreme Court of the Australian Capital Territory, as well as Advocate and Solicitor of the Supreme Court of the Republic of Singapore. He is also a China Appointed Attesting Officer and a Notary Public. Mr. KAN is currently a Committee Member of the National Committee of the Chinese People's Political Consultative Conference and was a Committee Member of the Guangdong Committee of the Chinese People's Political Consultative Conference for three consecutive terms. Mr. KAN had been an Elected Member of the Sha Tin District Council from 1985 to the end of 2011. He had also been an Elected Member of the Regional Council and he was elected as Vice Chairman of the Council in July 1997 until its dissolution at the end of 1999.

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

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

During the year under review, the aggregate average daily toll revenue of the GS Superhighway and the Western Delta Route grew by 5% yoy to RMB13.14 million and the total toll revenue amounted to RMB4,794 million in aggregate.

Traffic volume of the GS Superhighway continued to grow, its average daily toll revenue increased by 2% yoy to RMB9.39 million. Meanwhile, the average daily full-length equivalent traffic grew by 5% yoy to 104,000 vehicles. Due to the impact of traffic diversion from roads newly opened near the GS Superhighway, its growth momentum started to show signs of slowing down from January 2018.

Performance of the Western Delta Route remained stable, its average daily toll revenue and average daily full-length equivalent traffic were RMB3.74 million and 51,000 vehicles, recording yoy growths of 11% and 10% respectively. During the year under review, as a result of the implementation of truck restriction measures on main alignment of Foshan Ring Road due to its upgrade works since 1 August 2017, some of the trucks were diverted to the Western Delta Route, which supported its growth. On the other hand, most of the maintenance and upgrading works on National Highway 105 and local roads nearby were finished by the third quarter of 2017 and the positive impact from these works had vanished thereafter.

The Group's shared aggregate net toll revenue remained flat yoy at RMB2,162 million during the year under review, owing to the adjustment of profit sharing ratio in the GS Superhighway JV from 48% to 45% starting from 1 July 2017. The contribution from the GS Superhighway and the Western Delta Route were 69% and 31% respectively, compared to 72% and 28% in FY2017.

Financial Year	*2017*	***2018***	*% Change*
At JV company level			
GS Superhighway			
Average Daily Toll Revenue# (RMB '000)	9,169	**9,395**	+2%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles '000)	99	**104**	+5%
Western Delta Route			
Average Daily Toll Revenue# (RMB '000)	3,377	**3,741**	+11%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles '000)	47	**51**	+10%

Including tax

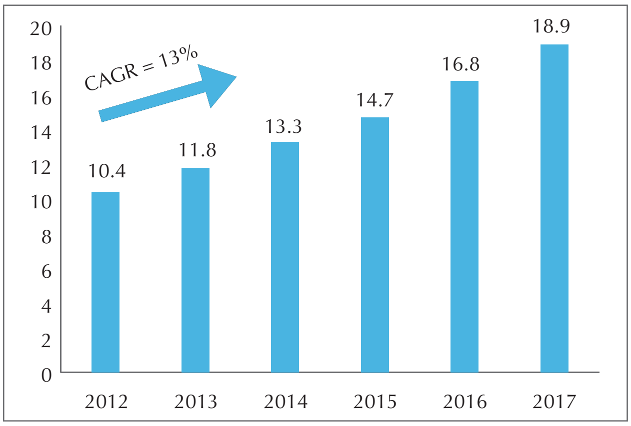
* Average daily full-length equivalent traffic is defined as the total distance travelled by all vehicles on the expressway divided by the full length of the expressway and the number of days in the year under review. It can better reflect road usage as it takes into account total travelling distance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

Operating Environment

Against the backdrop of its national effort in promoting supply-side structural reforms, Mainland China delivered a steady and healthy economic development, stimulating social demand for transportation services while supporting development of the expressway industry. In 2017, the GDP of Mainland China and Guangdong Province increased by 6.9% and 7.5% respectively, both exceeding the targets set by the government at the beginning of the year. In the first half of 2018, although trade friction kept escalating between Mainland China and the United States, the GDP of Mainland China and Guangdong Province still managed to grow by 6.8% and 7.1% respectively, an indication that economic development remained robust.

From 2012 to the end of 2017, total length of expressways in Guangdong reached approximately 8,300 km with a CAGR of 9%. On the other hand, the CAGR of the registered car population was 13% during the same period, reaching a record total population of approximately 19 million vehicles at the end of 2017, which reflected a continuous growth in the demand for road usage. The growth rate of Guangdong's expressway length is lagging far behind that of its car population. Healthy economic development and rising registered car population will continue to increase demand for road usage, thereby supporting traffic growth for the GS Superhighway and the Western Delta Route in the long run.

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



As one of the key national development strategies, the Guangdong-Hong Kong-Macao Bay Area further promotes regional economic development by deepening collaborative efforts among Guangdong, Hong Kong and Macao from a multitude of areas, including, among others, strengthening transport connectivity, market integration, forming innovation centres for scientific research, creating inter-industrial synergy, building quality communities and enhancing support for international cooperation. Construction of the Bay Area aims to strengthen Guangdong's role as a pioneer of China's reform and opening up efforts, so as to drive economic development on a national level. It will also enhance the international competitiveness of Guangdong, Hong Kong and Macao while driving their sector development, so as to activate economy within the area to build a leading bay area of international competitiveness and a world-class city cluster. The soon-to-be published development plan of the Bay Area will create a blueprint for regional development in the future.

Guangdong-Hong Kong-Macao Bay Area

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

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

In addition, the Guangdong Provincial Government worked out the Guangzhou-Shenzhen Science and Technology Innovation Corridor Plan at the end of 2017, in which it proposed to utilise various types of efficient transportation networks in the region to build an innovation zone with a total length of approximately 180 km along the 11,836 square km axis area of Guangzhou, Dongguan and Shenzhen. The Guangzhou-Shenzhen Science and Technology Innovation Corridor will grow into a harbour of innovative talents, technological achievements and innovative enterprises, through which the Guangdong Provincial Government aims to nurture and acquire more core technologies, build a multi-layered system of scientific research institutions, substantially improve the local living environment, and create an innovative development model. Not only will the Guangzhou-Shenzhen Science and Technology Innovation Corridor be developed into China's own "Silicon Valley", it will also become a major component of the international innovation centre for science and technology to be built in the Bay Area.

Future performance of the Group's expressway projects will benefit from the gradual execution of development plans for the PRD region, which will not only support social and economic sustainability, but also drive cities within the Bay Area towards economic upgrading.

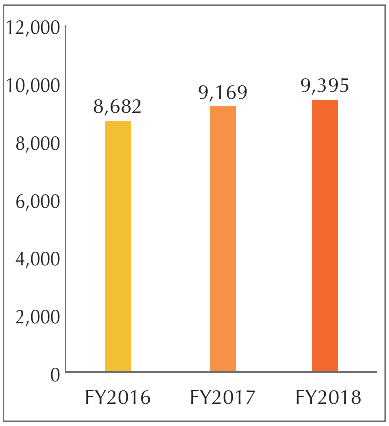
Guangzhou-Shenzhen Superhighway

Project Summary

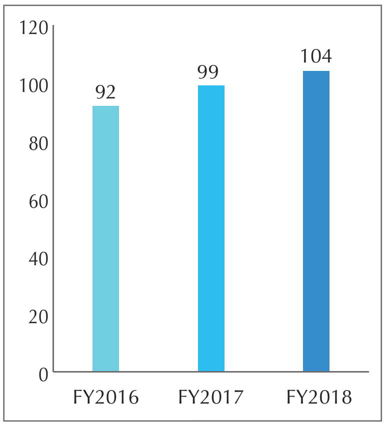
Location	Guangzhou to Shenzhen, Guangdong, PRC
Length	122.8 km
Lanes	A total of 6 lanes in dual directions, except for certain sections being 10 lanes
Class	Expressway
Toll Collection Period	July 1997 – June 2027
Profit Sharing Ratio	Year 1 – 10: 50% Year 11 – 20: 48% Year 21 – 30: 45%

The GS Superhighway is the main expressway connecting the PRD region's three major cities — Guangzhou, Dongguan and Shenzhen with Hong Kong. The healthy economic development in PRD cities alongside supports the stable growth of traffic on the GS Superhighway. The GDP growths of Guangzhou, Dongguan and Shenzhen in the first half of 2018 were 6.2%, 7.8% and 8.0%, respectively. During the year under review, the GS Superhighway's average daily toll revenue increased by 2% yoy to RMB9.39 million. Its total toll revenue for the year amounted to RMB3,429 million. The average daily full-length equivalent traffic rose by 5% yoy to 104,000 vehicles. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 70.5% and 83.2% of the GS Superhighway's toll revenue and full-length equivalent traffic volume respectively.

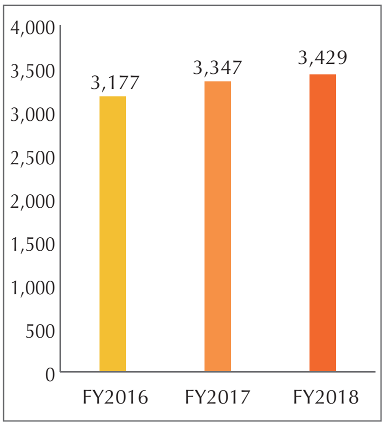
Average Daily Toll Revenue#
(RMB thousand)



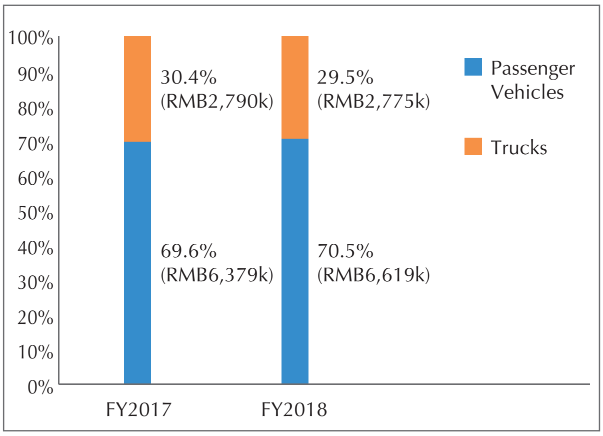
Average Daily Full-Length Equivalent Traffic
(No. of vehicles in thousand)



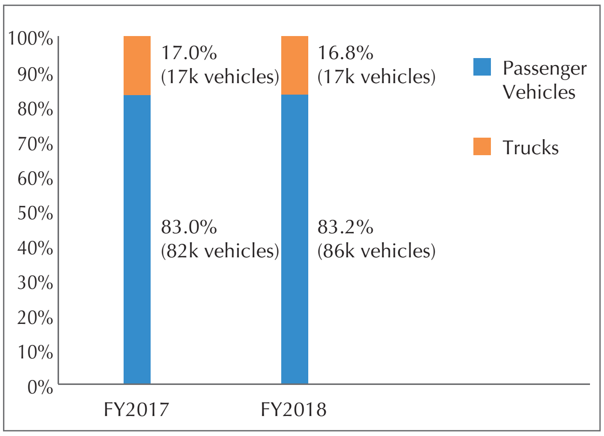
Annual Toll Revenue#
(RMB million)



Average Daily Toll Revenue Breakdown by Vehicle Type



Average Daily Full-Length Equivalent Traffic Breakdown by Vehicle Type



Including tax

Growth momentum in traffic of the GS Superhighway has been weakening since January 2018, mainly due to changes in the surrounding road network. Guangzhou Northern Third Ring Road, which runs through four districts in Guangzhou, namely Zengcheng, Conghua, Baiyun and Huadu, was fully opened to traffic on 29 January 2018. With its south link with the Dongguan-Shenzhen Expressway, Guangzhou Northern Third Ring Road offers an alternative route for vehicles travelling between Dongguan and Northern Guangdong. In addition, two local roads in Dongguan, which run parallel to Dongguan section of the GS Superhighway, were also opened to traffic in November 2017 and February 2018 respectively, thus forming new competition. Traffic of the GS Superhighway has been diverted following the successive opening of these roads, for road users now have more options when selecting routes. Based on past experiences, the yoy impact of traffic diversion will gradually diminish as overall traffic in the area continues to grow.

Shenzhen Expressway Company Limited issued an announcement on 28 February 2018, offering a 50% toll discount to all trucks going through the Shenzhen section of the Coastal Expressway during the period from 1 March 2018 to 31 December 2020. Implementation of the toll discount has a negative impact on the truck traffic of the GS Superhighway, as the Shenzhen section of the Coastal Expressway runs parallel to the Xinqiao to Nantou section 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, resulting in minimal positive impact. While the said traffic restriction measures have not been removed due to ongoing works, their resulting impact has, however, stabilised.

On 29 May 2018 and 20 July 2018 separately, the Land Resources and Planning Bureau of Zengcheng District of Guangzhou issued notices to consult the public on the change to the use of the mandatory planned land located at Xintang interchange in the Guangzhou section of the GS Superhighway, where it proposed to change the land use from for roads only to for both roads and Type II residential. The land use right of Xintang interchange is owned by the GS Superhighway JV, who has initiated an early-stage study in order to formulate an upgrade plan for Xintang interchange, with a view to reflecting and enhancing its land value.

The GS Superhighway JV remains as ever committed to improving service quality and operational efficiency. In addition to installing automated equipment such as Electronic Toll Collection devices or automatic card-issuing machines at toll lanes and entry lanes in response to traffic growth, it also currently plans on introducing additional equipment to accept a number of mobile payment methods such as WeChat Pay and Alipay, so as to create experiences of greater convenience for drivers and attendants. Moreover, the GS Superhighway JV also gets started on studies on the feasibility of enhancing traffic efficiency through pavement widening.

Western Delta Route

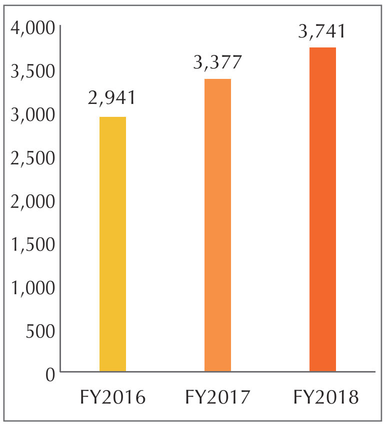
Project Summary

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%

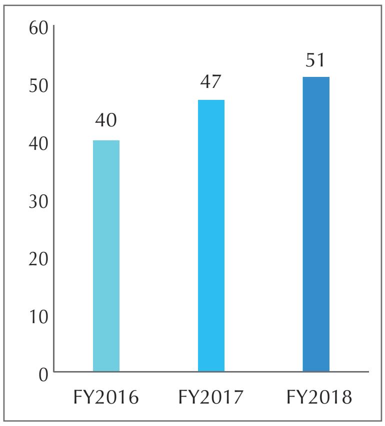
The Western Delta Route was developed in three phases and it was fully opened to traffic on 25 January 2013. It is a 97.9 km closed expressway with a total of 6 lanes in dual directions that runs from north to south along the central axis of western PRD and connects four major cities — Guangzhou, Foshan, 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 soon-to-open HZM Bridge respectively.

During the year under review, its average daily toll revenue and average daily full-length equivalent traffic achieved 11% and 10% yoy growths to RMB3.74 million and 51,000 vehicles respectively. Meanwhile, its total toll revenue for the year amounted to RMB1,365 million. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 67.2% and 79.7% of the Western Delta Route's toll revenue and full-length equivalent traffic volume respectively, compared to 70.1% and 81.8% in FY2017. Benefiting from the stronger growth in average daily full-length equivalent traffic of trucks than that of passenger vehicles, a higher growth was recorded in average daily toll revenue than that in average daily full-length equivalent traffic. During the first half of 2018, economic development remained robust in the four main cities along the Western Delta Route, namely Guangzhou, Foshan, Zhongshan and Zhuhai, with GDP growths of 6.2%, 7.0%, 6.0% and 8.7% respectively, supporting its continuous traffic growth.

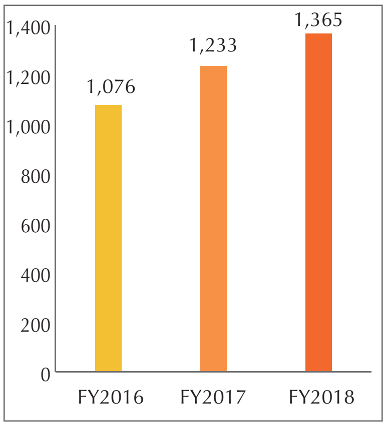
Average Daily Toll Revenue#
(RMB thousand)



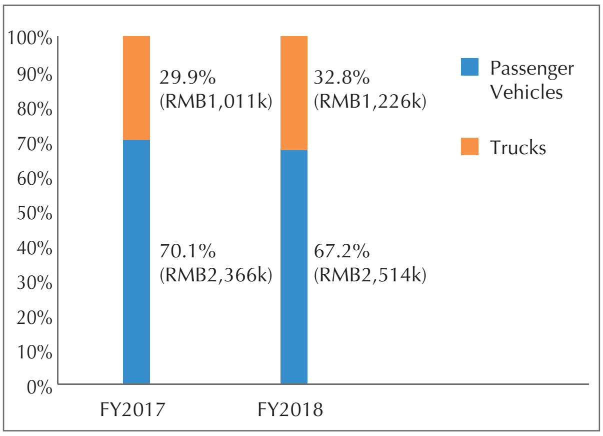
Average Daily Full-Length Equivalent Traffic
(No. of vehicles in thousand)



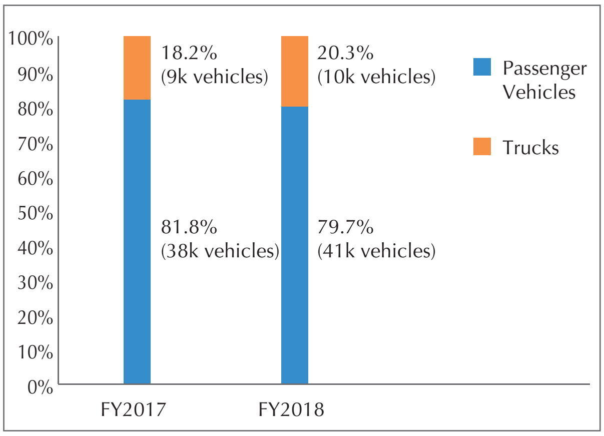
Annual Toll Revenue#
(RMB million)



Average Daily Toll Revenue Breakdown by Vehicle Type



Average Daily Full-Length Equivalent Traffic Breakdown by Vehicle Type



Including tax

Foshan Ring Road, a major local road of Foshan city which is close to the northern end of the Western Delta Route, is currently undergoing upgrade works to be developed into several toll expressways. The construction works commenced in late June 2017. Traffic restriction measures have been successively implemented on some sections and all trucks are forbidden from going through the main alignment during the construction period from 1 August 2017 to 30 December 2018. The works are expected to continue until 2020. Some of the trucks have been diverted to the Western Delta Route following implementation of relevant measures, resulting in a positive impact.

Most of the maintenance and upgrading works on National Highway 105 and local roads nearby that caused diversion of traffic onto the Western Delta Route since mid-August 2016 were completed by the third quarter of 2017, and corresponding traffic restriction measures had been removed. As a result, the positive impacts from such maintenance and upgrading works had diminished.

Guangzhou Municipal Public Security Bureau issued a notice on 25 May 2018, announcing three adjustments to the traffic restriction measures on trucks carrying load of 15 tonnes or above already implemented on the Guangzhou Ring Road, including: (1) extending the restriction on non-Guangzhou-registered trucks to all trucks; (2) extending the restrictive area to cover the entire Guangzhou Northern Ring Road; (3) extending the daily restriction period from between 7:00 a.m. and 8:00 p.m. to between 7:00 a.m. and 10:00 p.m. The above adjustments took effect from 1 July 2018, for a term of 5 years. The Company will pay close attention to their impact.

The Western Delta Route is the main expressway artery between Guangzhou and Zhuhai, and offers an effective access to the Hengqin State-level Strategic New Zone and the HZM Bridge through its connection with the expressway networks in Zhuhai. As of early 2018, the committed total project investments in Hengqin New Zone have reached over RMB500 billion, and an international leisure tourist island will be built with support from the government. A number of major projects, including the Chimelong International Ocean Tourist Resort, Novotown and projects invested by Macao companies, have been completed or are under development in the region. Tourism, sports events and exhibition activities are also actively organized, which contribute to driving the local economy, promoting economic and trade activities and stimulating demands for transportation. In addition, the economic and trade activities between Hong Kong and Mainland China will increase, so will the demand for transportation, and in particular the related feeder traffic will be boosted subsequent to the completion and operation of the HZM Bridge, as cities in western PRD fall into a 3-hour commuting radius from Hong Kong. These factors are expected to support the operating performance of the Western Delta Route in the future.

The Group's performance for the year ended 30 June 2018 presented in RMB (million) was as follows:

	Year ended 30 June									
	2017					2018				
RMB million	*Net toll revenue*	*EBITDA*	*Depreciation and amortisation*	*Interest and tax*	*Results*	***Net toll revenue***	***EBITDA***	***Depreciation and amortisation***	***Interest and tax***	***Results***
Group's share of project contributions:										
GS Superhighway Note 1	1,560	1,343	(460)	(324)	559	**1,499**	**1,309**	**(463)**	**(325)**	**521**
Western Delta Route	599	516	(211)	(198)	107	**663**	**580**	**(229)**	**(213)**	**138**
Total	2,159	1,859	(671)	(522)	666	**2,162**	**1,889**	**(692)**	**(538)**	**659**
YoY change						**+0.1%**	**+2%**	**+3%**	**+3%**	**–1%**
Corporate level:										
Bank deposits interest income					24					**18**
Other income					–					**1**
General and administrative expenses and depreciation					(41)					**(34)**
Income tax expenses					–					**(0)**
Sub-total					(17)					**(15)**
Profit before net exchange (loss) gain (net of related income tax)					649					**644**
YoY change										**–1%**
Net exchange (loss) gain (net of related income tax)					(17)					**22**
Profit for the year					632					**666**
Profit attributable to non-controlling interests					(9)					**(10)**
Profit attributable to owners of the Company					623					**656**
YoY change										**+5%**

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

During the year, toll revenue of the GS Superhighway continued to grow steadily. However, pursuant to the GS Superhighway joint venture agreement, the Group's profit-sharing ratio in the GS Superhighway JV has been adjusted from 48% to 45% from 1 July 2017 for the next ten years until the end of contractual operation period of the GS Superhighway JV, i.e. 30 June 2027. As a result, the GS Superhighway's net toll revenue shared by the Group decreased by 4% from RMB1,560 million for last year to RMB1,499 million for this year. The Western Delta Route continued to record growth, with an increase in its net toll revenue shared by the Group to RMB663 million, an increase of 11% compared with RMB599 million for the corresponding period of last year. The Group's share of the aggregate net toll revenue of its two expressway projects was similar to the corresponding period of last year at RMB2,162 million, 69% of which was contributed by the GS Superhighway, and 31% was contributed by the Western Delta Route.

With healthy growth in its core operation, the Group's share of the aggregate EBITDA of its two toll expressways (excluding exchange differences on the GS Superhighway JV's US Dollar and HK Dollar loans, net of related income tax) increased by 2% from RMB1,859 million for last year to RMB1,889 million for this year. The rise in the Western Delta Route's toll revenue led to a 13% growth in the Group's share of its EBITDA from RMB516 million for last year to RMB580 million for this year, which offset the impact of the decrease in the Group's share of the EBITDA of the GS Superhighway JV due to its profit-sharing ratio adjustment.

The Group's share of depreciation and amortisation charges of the GS Superhighway JV increased slightly from RMB460 million for last year to RMB463 million for this year primarily as a result of persistent growth in full-length equivalent traffic of the GS Superhighway and completion of additional improvement works, which offset the impact of the Group's profit-sharing ratio adjustment in the GS Superhighway JV. With healthy growth in full-length equivalent traffic of the Western Delta Route, its depreciation and amortisation charges also increased. Driven by these two factors, the Group's share of aggregate depreciation and amortisation charges increased to RMB692 million, an increase of 3% as compared to RMB671 million for the corresponding period of last year.

Despite the adjustment to the Group's profit-sharing ratio in the GS Superhighway JV, the Group's share of interest and tax expenses of the GS Superhighway JV remained the same as the corresponding period of last year at approximately RMB325 million due to an increase in interest expenses of the GS Superhighway JV as a result of an 8-year bank loan of RMB2 billion drawn by it in August 2016 to reimburse past capital expenditure funded by its shareholders, together with the impact from the sustained interest rate hike in the United States, while the applicable EIT rate for the GS Superhighway JV maintained at 25%. During the year, the interest expenses of the West Route JV decreased as a result of further prepayment of bank loan principals of RMB830 million (JV level) by surplus cash of West Route JV. As income tax provision was made at the applicable EIT rate of 25% starting from last year after the West Route JV turned profitable in FY2016, the Group's share of interest and tax expenses of the West Route JV increased by 7% from RMB198 million for last year to RMB213 million for this year. The Group's share of the aggregate interest and tax of its two expressway projects amounted to RMB538 million during the year, an increase of 3% as compared to RMB522 million for last year.

Due to the impact of the Group's profit-sharing ratio adjustment in the GS Superhighway JV, coupled with the increase in depreciation and amortisation and finance costs, its net profit decreased to RMB521 million, an decrease of 7% as compared to RMB559 million for the corresponding period of last year. However, driven by the continuous growth in toll revenue and traffic of the Western Delta Route, the Group's share of its net profit increased by 29% from RMB107 million for last year to RMB138 million for this year. The total net profit of two expressway projects (excluding exchange differences on the GS Superhighway JV's US Dollar and HK Dollar loans, net of related income tax) decreased slightly by 1% to RMB659 million, as compared to RMB666 million for the corresponding period of last year.

Interest income at the corporate level decreased from RMB24 million for last year to RMB18 million for this year. However, the directors' remuneration costs decreased during the year as a result of change in Board members following the completion of the disposal of the entire 66.69% equity interest in the Group held by Hopewell Holdings Limited on 4 April 2018. As a result, the general and administrative expenses decreased from RMB41 million for last year to RMB34 million for this year, and loss at the corporate level also decreased from RMB17 million for last year to RMB15 million for this year.

The Group's profit before net exchange loss/gain (net of related income tax) decreased slightly by 1% from RMB649 million for last year to RMB644 million for this year. However, net exchange gain mainly arising from the GS Superhighway JV's US Dollar and HK Dollar loans shared by the Group for the year amounted to RMB22 million, as compared to net exchange loss of RMB17 million recorded for the corresponding period of last year. Profit attributable to owners of the Company increased by 5% from RMB623 million for last year to RMB656 million (or RMB21.29 cents per share) for this year.

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

In light of our 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 the corporate level of approximately RMB691 million as at 30 June 2018 and steady dividend from the GS Superhighway JV, from which the Group expects to receive net dividend after tax of approximately RMB450 million in the second half of 2018, provide solid bases for the Group's dividend payment. Moreover, in view of the healthy growth in toll revenue of the Western Delta Route, it is expected that the West Route JV will be able to distribute dividend to the Group starting from 2020 the earliest.

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

Corporate level

	30 June 2017 RMB million	**30 June 2018 RMB million**		30 June 2017 RMB million	**30 June 2018 RMB million**
Bank balances and cash	469	**691**	Other liabilities	91	**79**
Other assets	7	**8**	Interim dividend payable	–	**371**
	476	**699**		91	**450**
			Net asset value of corporate level	385	**249**

Two JVs shared by the Group

GS Superhighway JV (The Group's shared portion*: 45% (2017: 48%))

	30 June 2017 RMB million	**30 June 2018 RMB million**		30 June 2017 RMB million	**30 June 2018 RMB million**
Bank balances and cash	379	**219**	Bank loans		
Concession intangible assets	4,870	**4,274**	– USD	1,240	**1,103**
Property & equipment	208	**182**	– HKD	140	**113**
Other assets	27	**26**	– RMB	900	**731**
			Other liabilities	572	**514**
	5,484	**4,701**		2,852	**2,461**
			Net asset value of GS Superhighway JV	2,632	**2,240**

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

	30 June 2017 RMB million	**30 June 2018 RMB million**		30 June 2017 RMB million	**30 June 2018 RMB million**
Bank balances and cash	61	**44**	Bank loans	3,718	**3,303**
Concession intangible assets	6,231	**6,050**	Other liabilities	269	**313**
Property & equipment	225	**190**			
Other assets	10	**18**			
	6,527	**6,302**		3,987	**3,616**
			Net asset value of West Route JV	2,540	**2,686**

	30 June 2017 RMB million	**30 June 2018 RMB million**		30 June 2017 RMB million	**30 June 2018 RMB million**
			Total liabilities	6,930	**6,527**
			Equity attributable to owners of the Company	5,526	**5,148**
			Non-controlling interests	31	**27**
Total Assets	12,487	**11,702**	**Total Equity & Liabilities**	12,487	**11,702**
			Total net assets	5,557	**5,175**

* pursuant to the GS Superhighway joint venture agreement, the Group's profit-sharing ratio in the GS Superhighway JV adjusted from 48% to 45% from 1 July 2017 for the next ten years until the end of contractual operation period, i.e. 30 June 2027.

Liquidity and Financial Resources

The Group has no debt at the corporate level, whereas the Group's bank balances and cash at the corporate level (excluding JVs) amounted to RMB691 million. The Group's debt balance represents its share of the non-recourse bank loans of its two JVs.

Corporate level

	30 June 2017 RMB million	**30 June 2018 RMB million**		30 June 2017 RMB million	**30 June 2018 RMB million**
Bank balances and cash	469	**691**	**Bank loan**	–	**–**
	469	**691**		–	**–**

Net cash on hand: RMB691 million
(30 June 2017: RMB469 million)

Two JVs shared by the Group
(including GS Superhighway JV and West Route JV)

	30 June 2017 RMB million	**30 June 2018 RMB million**		30 June 2017 RMB million	**30 June 2018 RMB million**
Bank balances and cash	440	**263**	**Bank loans**		
			– GS Superhighway	2,280	**1,947**
			– Western Delta Route	3,718	**3,303**
	440	**263**		5,998	**5,250**

Net debt [Note 1]: RMB4,987 million
(30 June 2017: RMB5,558 million)

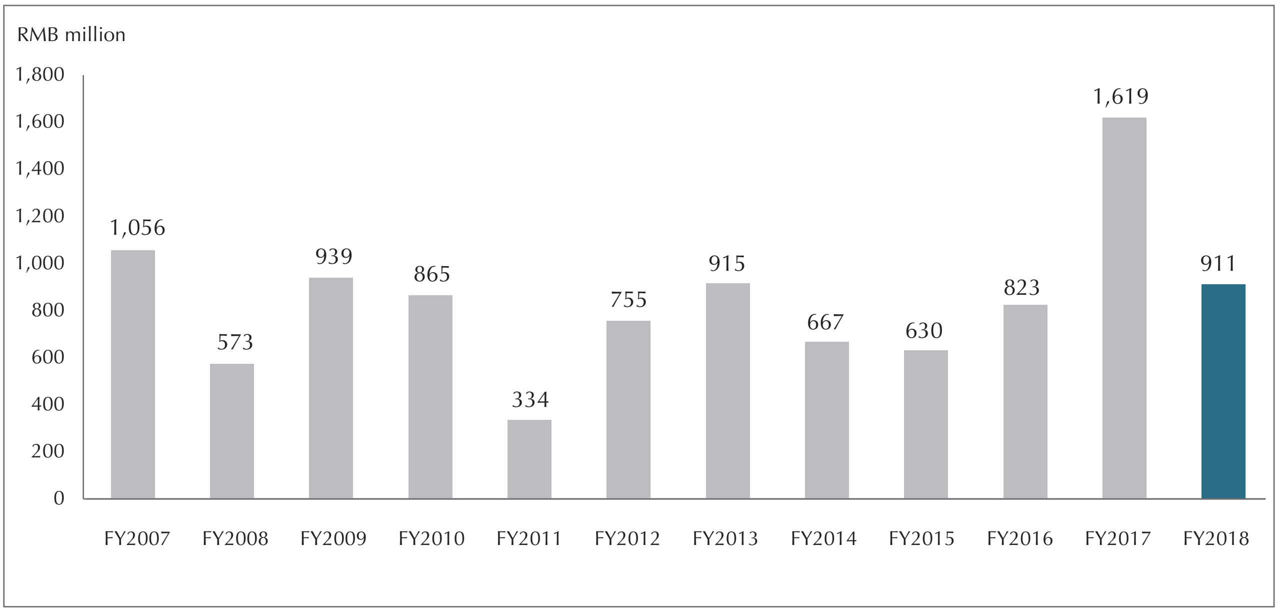
Note 1: Bank loans less bank balances and cash.

As at 30 June 2018, 99.9% (30 June 2017: 99.8%) of the Group's bank balances and cash at the corporate level (excluding JVs) were denominated in RMB and the remaining 0.1% (30 June 2017: 0.2%) were denominated in HK Dollar. Bank balances and cash of two JVs shared by the Group totalled RMB263 million (30 June 2017: RMB440 million).

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

Given no debt at the corporate level, the Group enjoys a solid financial position. As at 30 June 2018, bank balances and cash at the corporate level (excluding JVs) amounted to RMB691 million (30 June 2017: RMB469 million), or RMB0.22 per share (30 June 2017: RMB0.15 per share).

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



The reduction in the cash dividend received from the GS Superhighway JV during FY2008 and FY2011 was mainly due to the fact that funds were used by the GS Superhighway JV to repay the registered capital previously injected by the Group and to provide borrowings to the West Route JV respectively. Cash dividend received during FY2013 increased as a result of the full repayment of borrowings by the West Route JV to the GS Superhighway JV in December 2012, and the GS Superhighway JV's distribution of a dividend of RMB351 million to the Group out of such receipts. In August 2016, the GS Superhighway JV obtained an additional 8-year bank loan facility amounting to RMB2 billion to reimburse past capital expenditure funded by its shareholders. Subsequently, the GS Superhighway JV distributed post-tax dividend of RMB912 million to the Group out of this loan.

Bank and Other Borrowings

As at 30 June 2018, the Group had no debt at the corporate level, whereas the total bank and other borrowings of the JVs shared by the Group (mainly including US Dollar bank loans of equivalent to RMB1,103 million, HK Dollar bank loan of equivalent to RMB113 million and RMB bank loans of RMB4,034 million) amounted to approximately RMB5,259 million (30 June 2017: RMB6,007 million) with the following profile:

(a) 99.8% (30 June 2017: 99.9%) consisted of bank loans and 0.2% (30 June 2017: 0.1%) of other loan; and

(b) 77% (30 June 2017: 77%) was denominated in RMB; 21% (30 June 2017: 21%) was denominated in US Dollar and 2% (30 June 2017: 2%) was denominated in HK Dollar.

Debt Maturity Profile

As at 30 June 2018, the Group had no debt at the corporate level, whereas the maturity profile of the bank and other borrowings of two JVs shared by the Group were shown below, together with the corresponding comparatives as at 30 June 2017:

Two JVs shared by the Group

	30 June 2017		**30 June 2018**	
	RMB million	%	**RMB million**	**%**
Repayable within 1 year	172	3%	**166**	**3%**
Repayable between 1 and 5 years	2,316	38%	**2,673**	**51%**
Repayable beyond 5 years	3,519	59%	**2,420**	**46%**
	6,007	100%	**5,259**	**100%**

As at 30 June 2018, 46% (30 June 2017: 59%) of the bank loans and other borrowings of two JVs shared by the Group were repayable beyond 5 years.

Interest Rate and Exchange Rate Exposure

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

Treasury Policies

The Group continues to adopt proactive but prudent treasury policies in its financial and funding management and closely monitors its liquidity, financial resources and the exchange rate movements, with a view to minimise its funding costs and enhance return on its financial assets. As at 30 June 2018, 99.9% of the bank balances and cash at the corporate level (excluding JVs) were denominated in RMB and the remaining 0.1% were denominated in HK Dollar. The overall treasury yield on bank deposits at the corporate level was 3.22% during the year, compared to 2.69% in the same period of last year.

Contingent Liabilities

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

Except for the above, the Group had no other material contingent liability as at 30 June 2018.

Material Acquisition or Disposal

The Company's subsidiaries and associated companies did not make any material acquisitions or disposals during the year ended 30 June 2018.

Employees and Remuneration Policies

The Group provides competitive remuneration packages that are determined with reference to prevailing salary levels in the market and individual performance. It offers share option and share award schemes to eligible employees in order to provide them with incentives and to recognise their contributions and ongoing efforts. In addition, discretionary bonuses are granted to employees based on their individual performance as well as the Group's business performance. It also provides medical insurance coverage to all staff members and personal accident insurance to senior staff members. As at 30 June 2018, the Group, excluding its JV companies, had 28 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 Highlights

The Company will publish a sustainability report (the "Report") to describe its environmental, social and governance performance during the year ended 30 June 2018 (the "reporting year"). This highlight report summarises the key findings of the Report.

Corporate Sustainability Structure and Directions

The Company focuses on the initiation, promotion, development and operation of toll expressways and bridges. Apart from creating economic benefits in daily operations and decision-making processes, we insist on creating long-term values for various stakeholders and making contributions to social wellbeing and environmental protection. At the moment, the Committee of Executive Directors is responsible for the formulation and evaluation of the Company's sustainability vision, strategy, as well as related policies, targets and key performance indicators. The Company continues to adhere to its Sustainability Policy by fulfilling corporate social responsibilities towards its employees, the community, the environment and the value chain. The Board of Directors will also evaluate the sustainability governance structure, when appropriate, according to the Company's development needs.

Stakeholder Engagement

During the Report's preparation, apart from conducting interviews with the senior management, the Company has engaged different stakeholders through questionnaires. An independent professional consultancy has been appointed to evaluate the results collected, in order to further explore the sustainability direction of the Company.

Creating Green Environment

The Group understands that, the construction and maintenance of expressways creates certain environmental impacts. Therefore, environmental protection requirements have been added in the terms of the tender and construction contracts, including control of dusts, air emissions and waste oils during the construction process, as well as the duty of protecting the natural environment in the periphery of the construction, reasonable use of land and maintenance of soil and water resources, so as to prevent incidents of pollution in ecological environment. JVs of the Company also have in place an Emergency Response Plan and an organisational system to prevent and monitor the environmental pollution caused by any road operation and maintenance works, as well as regular traffics.

The Group has also continued to increase its investment in energy saving and emissions reduction. During the reporting year, major emissions reduction measures include:

Five additional Electronic Toll Collection ("ETC") lanes to reduce the exhaust produced by queuing vehicles	Replaced 252 conventional sodium lamps in the toll plaza with LED lighting to reduce electricity consumption	A total of 39 microwind and solar powered surveillance cameras being installed along the road	A business fleet with petrol-electric hybrid vehicles and electric vehicles

Maintaining Road Safety and Service Efficiency

Providing safe, reliable and smooth service to road users is the fundamental responsibility during the daily operations. The two JVs have both formulated the Expressway Maintenance Policy and Procedure and carry out expressway daily maintenance according to the regulatory standards. Regular inspections and detections of expressways are carried out to keep them in optimal conditions.

To improve traffic efficiency, free-flow ETC system on ramps has been introduced at Shizhou Toll Station along the Western Delta Route in January 2018. The technology practises advanced payment of toll charges to help relieve the pressure on the toll station, while providing more convenient and efficient service to customers.

Co-developing with Employees

To promote work-life balance, the two JVs organised diverse activities for employees, including:

GS Superhighway JV	West Route JV
Organised a campfire event entitled 'Sparks in the Night' with over 500 employees to celebrate the Spring Festival.	Organised a parent-child campaign that involved 38 families of 108 employees and family members to help the employees' children understand their parents' working environment.
Organised a spring nature outing to Dawang Mountain and Songshan Lake with 195 employees.	Organised a hiking activity on the Double Ninth Festival with over 270 employees.

Sustainability Report Highlights

The Group values safe operation and occupational safety. It provides a safe working environment for employees and arranges integrated safety checks and special checks on key procedures to achieve systematic safety management. Meanwhile, the two JVs have established a safe operation regulation and formulated a safety precautions guideline for frontline operators to ensure the occupational safety of employees.

To enhance the professional skills and business knowledge of employees, the Group has established a comprehensive training plan for employees to assist their development in different stages. Some training classes are listed below.

Managment training class

- The GS Superhighway JV conducted a management training session in May 2018, to improve the integrated quality of junior management employees.

Junior employee outreach training

- The GS Superhighway JV conducted development training sessions in May 2018 with a total of 90 participants.

Special-topic lectures

- The GS Superhighway JV organised a publicity training lecture with 40 participants to improve the newswriting skills of employees.
- The West Route JV organised special education lectures for employees on topics including parental education and emotional control.

Safety training

- Both the GS Superhighway JV and the West Route JV organised the safety operation month training in June 2018.

Customer and Building Inclusive Community

The Group proactively support staff to engage in community activities and charity services. During the reporting year, some of the activities being participated in and organised are included in the table below.

The Company participated in and supports:	Two JVs organised:
• "Love Teeth Day" and "Walk for Millions" by The Community Chest • "Earth Hour" by World Wildlife Fund • "Valentine's Rose Charity Sale 2018" by St. James Settlement • "Walk for the Green Earth" by The Green Earth • "Run with Your Heart 2017" by Hong Kong Elite Athletes Association • "Race to Feed 2017" by Heifer Hong Kong	• "Warm Winter" volunteer service during Spring Festival travel rush, with volunteers, providing ETC card consultation service and free ginger tea to road users • A charity event to visit children at the Ronggui Welfare Institute, bringing them homemade mooncakes and goods • A blood donation event with youth employees

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

Code Provision A.5.1

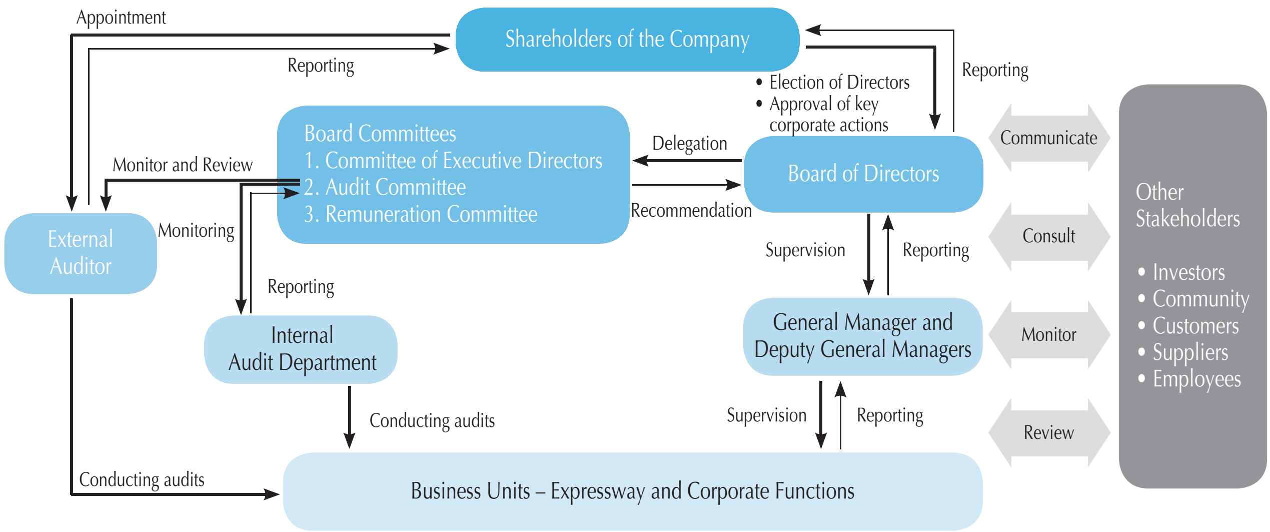
The Company does not consider it necessary to have a nomination committee as the Company already has the policies and procedures for selection and nomination of Directors in place. The Board as a whole regularly reviews the plans for orderly succession for appointments to the Board and its structure,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

Code provision A.5.6

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 Report

Corporate Governance Structure



Board of Directors

The Board

The Company is managed through the Board which currently comprises three Executive Directors, two Non-executive Directors (including the Chairman) and three 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 12 to 16 of this Annual Report. The remuneration of the Executive Directors, who are regarded as senior management of the Company, are disclosed in note 10 to the consolidated financial statements.

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

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

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

All Directors have given sufficient time and attention to the affairs of the Company during the 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 General Manager

With effect from 11 April 2018, Sir Gordon Ying Sheung WU ceased to be the Chairman of the Board and Mr. Thomas Jefferson WU ceased to be the Managing Director of the Company. The composition of the Board changed since 11 April 2018, Mr. Zhengyu LIU served as the Chairman of the Board and is responsible for management of the Board. Mr. Tianliang ZHANG, the Executive Director and General Manager, is responsible for providing leadership and the day-to-day management of the business of the Company. The division of the responsibilities between the Chairman and the General Manager has been established and set out clearly in writing.

Appointment, Re-election and Removal

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

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

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

On 11 April 2018, Mr. Zhengyu LIU was appointed as Non-executive Director, Mr. Tianliang ZHANG, Mr. Cheng WU and Mr. Ji LIU were appointed as Executive Directors, and both Mr. Yu Lung CHING and Mr. Tony Chung Nin KAN were appointed as Independent Non-executive Directors. On 27 August 2018, Mr. Qingyong GU was appointed as Non-executive Director. They shall hold office until the 2018 Annual General Meeting after their appointments and, being eligible, offer themselves for re-election.

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

With effect from 11 April 2018, Mr. Yuk Keung IP resigned as the chairman and a member of the Audit Committee and Professor Chung Kwong POON resigned as a member of the Audit Committee. Mr. Yu Lung CHING was appointed as the chairman of the Audit Committee in place of Mr. IP and Mr. Tony Chung Nin KAN was appointed as a member of the Audit Committee on 11 April 2018.

The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Yu Lung CHING (chairman), Mr. Brian David Man Bun LI and Mr. Tony Chung Nin KAN. The company secretary of the Company, or in 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 2017 and the interim financial statements for the six months ended 31 December 2017
- to review the work performed by Internal Audit Department
- to review the Group's risk management and internal control systems and the adequacy of the financial/internal auditing resources and competency
- to review the Company's policies and practices on corporate governance

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

Remuneration Committee

With effect from 11 April 2018, Professor Chung Kwong POON resigned as the chairman and a member of the Remuneration Committee and Mr. Yuk Keung IP resigned as a member of the Remuneration Committee. Mr. Brian David Man Bun LI was appointed as the chairman of the Remuneration Committee in place of Professor POON, and both Mr. Yu Lung CHING and Mr. Tony Chung Nin KAN were appointed as members of the Remuneration Committee on 11 April 2018.

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

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

Major roles and functions of the Remuneration Committee include:

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

Principal works performed during the 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 2018
- to review and recommend on the remuneration packages of all Executive Directors for the year of 2018 and bonus payment for the year of 2017

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

Attendance at Meetings

During the period from 1 July 2017 to 2 May 2018, the attendance records of the following Directors at Board Meetings, Audit Committee Meetings, Remuneration Committee Meetings and the 2017 Annual General Meeting are as follows:

	Number of meetings attended/held			
Name of Directors Note	**Board Meetings**	**Audit Committee Meetings**	**Remuneration Committee Meetings**	**2017 Annual General Meeting**
Executive Directors				
Sir Gordon Ying Sheung WU KCMG, FICE	4/4	N/A	N/A	1/1
Mr. Eddie Ping Chang HO	4/4	N/A	N/A	1/1
Mr. Thomas Jefferson WU JP	4/4	N/A	N/A	1/1
Mr. Alan Chi Hung CHAN	4/4	N/A	N/A	1/1
Independent Non-executive Directors				
Professor Chung Kwong POON GBS, JP, PhD, DSc	4/4	3/4	1/1	1/1
Mr. Yuk Keung IP	4/4	4/4	1/1	1/1
Mr. Brian David Man Bun LI JP	3/4	4/4	1/1	1/1
Mr. Alexander Lanson LIN	4/4	N/A	N/A	1/1

Note: With effect from 11 April 2018, Sir Gordon Ying Sheung WU, an Executive Director and the Chairman of the Board, had been re-designated as a Non-executive Director; Mr. Eddie Ping Chang HO, an Executive Director and the Vice Chairman of the Board, had been re-designated as a Non-executive Director; Mr. Thomas Jefferson WU, an Executive Director and the Managing Director of the Company, had been re-designated as a Non-executive Director; and Mr. Alan Chi Hung CHAN, an Executive Director and the Deputy Managing Director of the Company, had been re-designated as a Non-executive Director. On 2 May 2018, Sir Gordon Ying Sheung WU, Mr. Eddie Ping Chang HO, Mr. Thomas Jefferson WU, Mr. Alan Chi Hung CHAN, Professor Chung Kwong POON, Mr. Yuk Keung IP and Mr. Alexander Lanson LIN resigned as Directors of the Company.

During the period from 11 April 2018 to 30 June 2018, the attendance records of the following Directors at Board Meeting, Audit Committee Meeting and Remuneration Committee Meeting are as follows:

	Number of meetings attended/held		
Name of Directors	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**
Non-executive Director			
Mr. Zhengyu LIU *Chairman*	1/1	N/A	N/A
Executive Directors			
Mr. Tianliang ZHANG *General Manager*	1/1	N/A	N/A
Mr. Cheng WU *Deputy General Manager*	1/1	N/A	N/A
Mr. Ji LIU *Deputy General Manager and Secretary to the Board*	1/1	N/A	N/A
Independent Non-executive Directors			
Mr. Brian David Man Bun LI JP	1/1	1/1	1/1
Mr. Yu Lung CHING	1/1	1/1	1/1
Mr. Tony Chung Nin KAN SBS, JP	1/1	1/1	1/1

Induction Programme and Training for Board Members

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

During the 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 current 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
Non-Executive Director			
Mr. Zhengyu LIU	✓	✓	✓
Mr. Qingyong GU (appointed on 27 August 2018)	N/A	N/A	N/A
Executive Directors			
Mr. Tianliang ZHANG	✓	✓	✓
Mr. Cheng WU	✓	✓	✓
Mr. Ji LIU	✓	✓	✓
Independent Non-executive Directors			
Mr. Brian David Man Bun LI JP	✓	✓	✓
Mr. Yu Lung CHING	✓	✓	✓
Mr. Tony Chung Nin KAN SBS, JP	✓	✓	✓

Company Secretary

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

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

Ms. Ching Fan KOO of Fair Wind Secretarial Services Limited, an external service provider, has been engaged by the Company as its Company Secretary. The primary contact person of the Company with Ms. KOO is Mr. Ji LIU, the Deputy General Manager and Secretary to the Board. Ms. KOO attended no less than 15 hours of relevant professional training during 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 Deloitte. The responsibilities of the auditor with respect to the financial reporting are set out in the Independent Auditor's Report on pages 73 to 78 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, Deloitte was also engaged to perform a review on the interim financial information of the Group for the six months ended 31 December 2017.

During the year ended 30 June 2018, the fees payable by the Group to the external auditor in respect of audit and non-audit services provided by them were as follows:

	HK$'000
Audit services	**1,604**
Non-audit services:	
Interim review	**383**
Others	**10**
Total	**1,997**

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 General Manager. Clear corporate governance structure (as depicted in Corporate Governance Report on page 42 of this Annual Report) and reporting lines have been established with responsible parties held accountable for their own assigned areas.

Risk Assessment

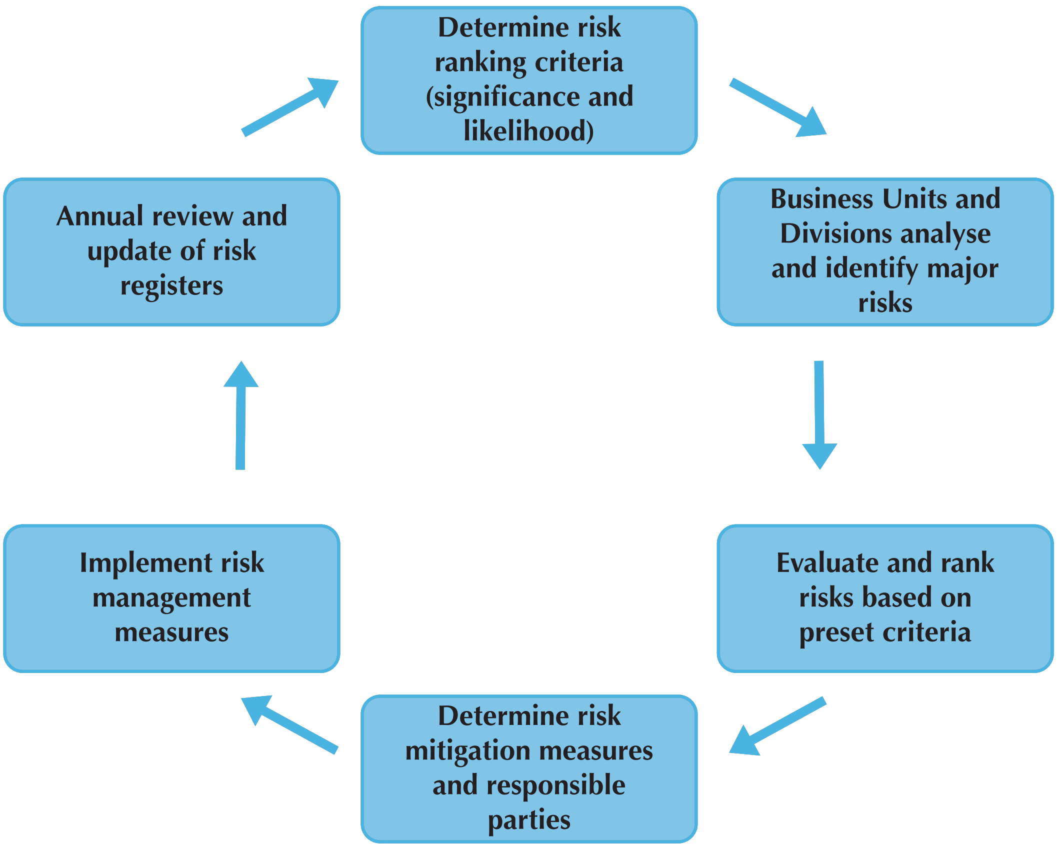
A holistic risk management framework is adopted across the Group for:

(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 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.

2017/18 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 2017/18, 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 2017/18
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 2017 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 both individual and institutional shareholders of the Company, as well as potential investors. The Board has adopted a Shareholders Communication Policy setting out the provisions with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable shareholders to exercise their rights in an informed manner, and to allow shareholders and potential investors to engage actively with the Company. The Shareholders Communication Policy of the Company is posted on the Company's Website.

Disclosure of Information on the Company's Website

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

Annual General Meeting

The Company's annual general meeting is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to communicate face to face with the Directors about the Company's performance and operations. It has been the practice for all the Directors (including the Chairman) and the chairmen of the Audit Committee and the Remuneration Committee together with the external auditor of the Company to attend the annual general meetings to answer shareholders' questions. The 2017 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 2017. The 2018 Annual General Meeting has been scheduled to be held on 30 October 2018.

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 Company's Website and on the HKEx Website on the same day of the poll.

Convening of extraordinary general meeting on requisition by shareholders

In accordance with Article 68 of the Company's Articles of Association, (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) 2863 2502
Fax No.: (852) 2861 0177

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 Company's Website.

Report of the Directors

The Board of Directors have pleasure in presenting their report on the affairs of the Company and the Group together with the audited financial statements for the year ended 30 June 2018.

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 24 and 14 to the consolidated financial statements 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 9 and the Management Discussion and Analysis on pages 17 to 37 of this Annual Report. Also, the financial risk management objectives and policies of the Group can be found in note 23 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 2018, if applicable, are provided in the Chairman's Statement on pages 6 to 9, the Management Discussion and Analysis on pages 17 to 37 and this Report of the Directors on pages 61 to 72 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 Highlights, the Corporate Governance Report and this Report of the Directors on pages 6 to 9, pages 17 to 37, pages 38 to 40, pages 41 to 60 and pages 61 to 72 of this Annual Report respectively and in the full version of Sustainability Report to be available on the Company's website www.hopewellhighway.com. All the above mentioned cross references form parts of this Directors' Report.

Results

The results of the Group for the year ended 30 June 2018 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 79.

Dividends

The Directors recommend the payment of a final dividend of RMB9.7 cents per share (equivalent to HK11.114551 cents per share at the exchange rate of RMB1:HK$1.14583) (2017: RMB11.6 cents per share (equivalent to HK13.58986 cents per share)) and a special final dividend of RMB10 cents per share (equivalent to HK11.4583 cents per share at the exchange rate of RMB1:HK$1.14583) (2017: RMB10 cents per share (equivalent to HK11.71540 cents per share)) in respect of the year ended 30 June 2018.

Together with the interim dividend of RMB11.6 cents per share (equivalent to HK14.24028 cents per share) to be paid on 3 September 2018 (2017: RMB8.6 cents per share (equivalent to HK9.59416 cents per share)), the total dividends for the year will be RMB31.3 cents per share (equivalent to HK36.813131 cents per share) (2017: RMB30.2 cents per share (equivalent to HK34.89942 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 17 to 27.

Share Capital

Details of the movements in share capital of the Company during the year are set out in note 19 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 page 81.

Details of the distributable reserve of the Company during the year are set out in note 20 to the consolidated financial statements and the Company's distributable reserve at 30 June 2018 amounted to approximately RMB3,440 million (2017: RMB4,039 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 16 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 12 to 16. Changes of Directors and Board Committees members during the year and up to date of this report are as follows:

Mr. Zhengyu LIU*	(appointed as a Non-executive Director and the Chairman of the Board on 11 April 2018)
Mr. Tianliang ZHANG*	(appointed as an Executive Director and the General Manager of the Company on 11 April 2018)
Mr. Cheng WU*	(appointed as an Executive Director and the Deputy General Manager of the Company on 11 April 2018)
Mr. Ji LIU*	(appointed as an Executive Director, the Deputy General Manager of the Company and Secretary to the Board on 11 April 2018)
Mr. Qingyong GU*	(appointed as a Non-executive Director on 27 August 2018)
Mr. Brian David Man Bun LI	(appointed as the chairman of the Remuneration Committee on 11 April 2018)
Mr. Yu Lung CHING	(appointed as an Independent Non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee on 11 April 2018)
Mr. Tony Chung Nin KAN	(appointed as an Independent Non-executive Director, a member of the Audit Committee and the Remuneration Committee on 11 April 2018)
Sir Gordon Ying Sheung WU	(re-designated as a Non-executive Director on 11 April 2018 and resigned on 2 May 2018)
Mr. Eddie Ping Chang HO	(re-designated as a Non-executive Director on 11 April 2018 and resigned on 2 May 2018)

Mr. Thomas Jefferson WU	(re-designated as a Non-executive Director on 11 April 2018 and resigned on 2 May 2018)
Mr. Alan Chi Hung CHAN	(re-designated as a Non-executive Director on 11 April 2018 and resigned on 2 May 2018)
Professor Chung Kwong POON	(resigned as a member of the Audit Committee and the chairman of the Remuneration Committee on 11 April 2018, and resigned as an Independent Non-executive Director on 2 May 2018)
Mr. Yuk Keung IP	(resigned as the chairman of the Audit Committee and a member of the Remuneration Committee on 11 April 2018, and resigned as an Independent Non-executive Director on 2 May 2018)
Mr. Alexander Lanson LIN	(resigned as an Independent Non-executive Director on 2 May 2018)

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

Furthermore, in accordance with the Company's Articles of Association, all newly appointed Directors shall hold office until the next following general meeting of the Company after their appointment and shall then be eligible for re-election. On 11 April 2018, Mr. Zhengyu LIU was appointed as Non-executive Director, Mr. Tianliang ZHANG, Mr. Cheng WU and Mr. Ji LIU, were appointed as Executive Directors, and both Mr. Yu Lung CHING and Mr. Tony Chung Nin KAN were appointed as Independent Non-executive Directors, and Mr. Qingyong GU was appointed as Non-executive Director on 27 August 2018. All of them shall hold office until the 2018 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 2018, none of the Directors or the chief executives of the Company had any interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Options

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

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

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

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

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

Share Awards

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

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

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

(C) There were no awarded shares granted, forfeited, vested or outstanding during the year ended 30 June 2018 and accordingly no dividend income was received in respect of shares held upon the trust for the Share Award Scheme (2017: 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 2018 was the Company or any of its subsidiaries, fellow subsidiaries or its parent company a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor any of their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such rights.

Directors' Remuneration

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

Directors' Service Contracts

No Director proposed for re-election at the 2018 Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation). All the Independent Non-executive Directors are appointed for a fixed period but subject to retirement from office and re-election at the annual general meetings of the Company in accordance with the Company's Articles of Association.

Retirement and Pension Plan

To comply with the statutory requirements of the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), the Group has set up the MPF Schemes. Mandatory contributions to these schemes are made by both the employers and employees at 5% of the employees' monthly relevant income capped at HK$30,000. The PRC employees employed by the Company are members of the state-managed retirement benefit schemes operated by the PRC government. The Company are required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. The total contributions made by the Group to the MPF Scheme and the PRC retirement benefit schemes for the year are RMB838,000 (2017: RMB799,000).

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 2018, so far is known to the Directors, the interests or short positions of substantial shareholders of the Company (other than the Directors and the chief executives of the Company disclosed above) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name	Capacity	Number of shares	Approximate % of total number of issued shares
Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd ("SIICHIC") (深圳投控國際資本控股基建有限公司)(i)	Beneficial owner	2,809,744,415 (L) 2,809,744,415 (S)	91.18
Shenzhen Investment International Capital Holdings Co., Limited (深圳投控國際資本控股有限公司)(i)	Interests of controlled corporation	2,809,744,415 (L) 2,809,744,415 (S)	91.18
Shenzhen Investment Holdings Co., Ltd ("SIHC") (深圳市投資控股有限公司)(i)	Interests of controlled corporation	2,809,744,415 (L) 2,809,744,415 (S)	91.18
CITIC Securities Co., Ltd.(ii)	Interests of controlled corporation	2,809,744,415 (L)	91.18

L: Long Position
S: Short Position

Notes:

(i) The 2,809,744,415 shares were held by SIICHIC, a wholly-owned subsidiary of Shenzhen Investment International Capital Holdings Co., Limited which in turn was a wholly-owned subsidiary of SIHC. The interests of SIICHIC, Shenzhen Investment International Capital Holdings Co., Limited and SIHC in the 2,809,744,415 shares represented the same block of shares and were deemed under the SFO to have same interests with each other. Interests in the said shares had been provided indirectly to CITIC Securities Co., Ltd. as security.

(ii) The 2,809,744,415 shares of the Company were held by CITIC Securities Finance 2013 Co., Ltd., which was a direct wholly-owned subsidiary of CITIC Securities International Company Ltd., which in turn was a direct wholly-owned subsidiary of CITIC Securities Co., Ltd. They had security interest in the said shares.

Save as disclosed above, as at 30 June 2018, the Company had not been notified of any other interests or short positions representing 5% or more of the total number of issued shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2018.

Pre-emptive Rights

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

Connected Transactions and Continuing Connected Transactions

During the 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 28 to the consolidated financial statements constitutes a connected transaction under Chapter 14A of the Listing Rules.

Change of Controlling Shareholder of the Company and Unconditional Mandatory Cash Offer

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

Details of, among others, the change of controlling shareholder of the Company and the Offer were set out in the joint announcement issued by SIICHIC and the Company dated 11 April 2018, the composite offer and response document jointly issued by SIICHIC and the Company dated 11 April 2018 and the joint announcement issued by SIICHIC and the Company dated 2 May 2018.

Public Float

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

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

Details of public float of the Company were set out in the joint announcement issued by SIICHIC and the Company dated 2 May 2018, and announcements issued by the Company dated 16 May 2018, 1 August 2018 and 3 August 2018.

Subsequent Event to the Reporting Period

Change of Financial Year End Date

On 27 August 2018, the Board resolved that the Company's financial year end date shall be changed from 30 June to 31 December following the publication of the audited consolidated financial statements of the Group for the year ended 30 June 2018.

Details of change of financial year end date of the Company were set out in the announcement of the Company dated 27 August 2018.

Auditor

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the 2018 Annual General Meeting.

On behalf of the Board

Zhengyu LIU*
Chairman

Hong Kong, 27 August 2018

* For identification purpose only

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 79 to 121, which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the 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 2018, 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 are 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 14 to the consolidated financial statements, the two JVs of the Group are engaged in the development, operation and management of expressways under service concession agreements with the right to collect tolls for operating two expressways in Guangdong Province of the People's Republic of China (the "PRC"), one of which runs between Shenzhen and Guangzhou and the other one links Guangzhou, Zhongshan and Zhuhai with the toll collection periods ranging from 25 years to 30 years. The Group has accounted for its interests in these JVs using the equity method of accounting. As set out in note 4(i) to the consolidated financial statements, the interests in JVs as at 30 June 2018 amounted to RMB4,851,836,000 and the share of results of JVs for the year then ended amounted to RMB724,433,000. 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 RMB618,494,000 for the year ended 30 June 2018 which was calculated based on units-of-usage basis, i.e. the ratio of actual traffic volume of the underlying toll expressways for a particular period over the total expected traffic volume of the underlying toll expressways over the remaining concession period of the service concession agreements. The total expected traffic volume over the remaining concession period was estimated by the management with reference to a report prepared by a third party traffic consultant in a prior year taken into consideration of various factors such as the annual growth rate of the traffic volume, the actual traffic volume in the recent periods, the change of the transportation network of the region and government policies relating to the toll expressway operation in the PRC.	Our procedures in relation to the amortisation of concession intangible assets of the two JVs included: • Evaluating the appropriateness of the accounting policy adopted and whether such accounting policy adopted reflects the consumption pattern of the concession intangible assets and benchmarking with other companies in the same industry; • Undertaking a detailed analysis on the significant judgements and estimates used in management's estimation as mentioned below; and • Comparing the expected traffic volume estimated by the management in the past against the actual traffic volume in previous years and the historical trend of traffic volume, and then obtaining reasons for any variances, as well as evaluating the appropriateness, key basis and assumptions, including the annual growth rate of the traffic volume, the change of the transportation network of the region and government policies relating to the toll expressway operation in the PRC.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Interests in joint ventures ("JVs") and share of results of JVs — Resurfacing obligations of the JVs	
We identified the resurfacing obligation of the JVs as a key audit matter due to the management's judgement involved in determining the amount of provision by discounted cash flow method which is based on the number of major resurfacing works to be undertaken over the concession periods under the service concession agreements and the expected costs to be incurred for each event and then discounted to the present value based on a pre-tax discount rate which could in turn affect the carrying amount of interests in joint ventures as at 30 June 2018 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 2018 amounted to RMB4,851,836,000 and share of results of JVs for the year then ended amounted to RMB724,433,000. Included in the interests in JVs, there was a provision of resurfacing obligations of the JVs shared by the Group amounting to RMB207,590,000 as at 30 June 2018. The expected costs for maintenance and resurfacing and the timing of such event to take place involve estimates made by the management of the Group, which were taken into consideration of the resurfacing plans of the JVs, historical costs incurred for similar activities and the latest quotations from the service provider. These expected costs were then discounted to the present value based on a discount rate determined by the management of the Group that reflected the time value of the money and the risk specific to the obligation.	Our procedures in relation to evaluate the resurfacing obligations of the 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
27 August 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	NOTES	2017 RMB'000	**2018** **RMB'000**
Other income and other expenses	6	29,060	**17,983**
Depreciation		(190)	**(108)**
General and administrative expenses		(40,578)	**(34,404)**
Finance costs		(19)	**(41)**
Share of results of joint ventures	7	680,353	**724,433**
Profit before tax		668,626	**707,863**
Income tax expense	8	(37,033)	**(41,835)**
Profit for the year	9	631,593	**666,028**
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange gain (loss) arising on translation of foreign operations		7,793	**(7,281)**
Total comprehensive income for the year		639,386	**658,747**
Profit for the year attributable to:			
Owners of the Company		622,671	**656,197**
Non-controlling interests		8,922	**9,831**
		631,593	**666,028**
Total comprehensive income attributable to:			
Owners of the Company		630,464	**648,916**
Non-controlling interests		8,922	**9,831**
		639,386	**658,747**
		RMB cents	***RMB cents***
Earnings per share	12		
Basic		20.21	**21.29**

Consolidated Statement of Financial Position

As at 30 June 2018

	NOTES	2017 RMB'000	**2018** **RMB'000**
ASSETS			
Non-current Assets			
Interests in joint ventures	14	5,171,922	**4,851,836**
Investment	15	4,785	**4,785**
Property and equipment	16	283	**84**
		5,176,990	**4,856,705**
Current Assets			
Deposits and prepayments		941	**1,569**
Dividend and other receivables	17	1,662	**75,849**
Bank balances and cash	18	469,067	**691,461**
		471,670	**768,879**
Total Assets		5,648,660	**5,625,584**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	19	270,603	**270,603**
Share premium and reserves		5,255,732	**4,877,469**
Equity attributable to owners of the Company		5,526,335	**5,148,072**
Non-controlling interests		30,826	**27,219**
Total Equity		5,557,161	**5,175,291**
Non-current Liability			
Deferred tax liability	21	80,215	**69,310**
Current Liabilities			
Payables and accruals		11,284	**10,027**
Dividend payable		–	**370,956**
		11,284	**380,983**
Total Liabilities		91,499	**450,293**
Total Equity and Liabilities		5,648,660	**5,625,584**
Cash and cash equivalents		469,067	**691,461**

Tianliang ZHANG
Director

Ji LIU
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000	People's Republic of China ("PRC") statutory reserves RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at 1 July 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 11)	–	(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**
Exchange loss on translation of foreign operations	**–**	**–**	**–**	**(7,281)**	**–**	**(7,281)**	**–**	**(7,281)**
Profit for the year	**–**	**–**	**–**	**–**	**656,197**	**656,197**	**9,831**	**666,028**
Total comprehensive income for the year	**–**	**–**	**–**	**(7,281)**	**656,197**	**648,916**	**9,831**	**658,747**
Change in profit sharing of a joint venture	**–**	**–**	**(7,121)**	**–**	**–**	**(7,121)**	**–**	**(7,121)**
Dividends recognised as distribution during the year (Note 11)	**–**	**(387,790)**	**–**	**80,724**	**(712,992)**	**(1,020,058)**	**–**	**(1,020,058)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(13,438)**	**(13,438)**
As at 30 June 2018	**270,603**	**2,716,969**	**107,589**	**(425,894)**	**2,478,805**	**5,148,072**	**27,219**	**5,175,291**

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 2017 of RMB10 cents (2017: for the year ended 30 June 2016 of RMB40 cents) per share amounting to approximately RMB307,066,000 (2017: RMB1,254,262,000) 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 RMB387,790,000 (2017: RMB1,541,965,000) and credited by RMB80,724,000 (2017: RMB287,703,000) respectively.

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

	2017 RMB'000	**2018** **RMB'000**
OPERATING ACTIVITIES		
Profit before tax	668,626	**707,863**
Adjustments for:		
Dividend income from investment	–	**(600)**
Interest income	(23,539)	**(18,504)**
Gain on disposal of property and equipment	–	**(128)**
Net exchange (gain) loss	(5,521)	**1,389**
Depreciation	190	**108**
Share of results of joint ventures	(680,353)	**(724,433)**
Operating cash flows before movements in working capital	(40,597)	**(34,305)**
Increase in deposits and prepayments	(250)	**(628)**
(Increase) decrease in other receivables	(9)	**10**
Increase (decrease) in payables and accruals	3,786	**(1,257)**
NET CASH USED IN OPERATING ACTIVITIES	(37,070)	**(36,180)**
INVESTING ACTIVITIES		
Purchases of property and equipment	–	**(100)**
Proceeds on disposal of property and equipment	–	**319**
Dividends received (net of PRC withholding tax)	1,619,433	**911,124**
Interest received	22,361	**18,441**
Income tax paid for interest received	(7)	**–**
NET CASH FROM INVESTING ACTIVITIES	1,641,787	**929,784**
FINANCING ACTIVITIES		
Dividends paid to:		
– owners of the Company	(1,799,184)	**(660,428)**
– non-controlling interests of a subsidiary	(24,650)	**(13,438)**
NET CASH USED IN FINANCING ACTIVITIES	(1,823,834)	**(673,866)**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(219,117)	**219,738**
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	652,435	**469,067**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	35,749	**2,656**
CASH AND CASH EQUIVALENTS CARRIED FORWARD	469,067	**691,461**

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

1. General Information

Hopewell Highway Infrastructure Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Prior to 4 April 2018, the Company's immediate holding company was Anber Investments Limited, a limited company incorporated in the British Virgin Islands. The Company's ultimate holding company was Hopewell Holdings Limited (''HHL"), a public limited company incorporated in Hong Kong whose shares are listed on the Stock Exchange. On 4 April 2018, Shenzhen Investment Holdings Co., Ltd (深圳市投資控股有限公司), a company established in the PRC with limited liability, became the Company's ultimate parent company, after acquiring approximately 66.69% of the total number of issued shares of the Company held by Anber Investments Limited and Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd. (深圳投控國際資本控股基建有限公司), a company incorporated in the British Virgin Islands with limited liability, became the Company's immediate holding company.

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 24 and 14 respectively.

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

2. Application of New and Revised 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:

IFRS 12 (Amendments)	As part of the Annual Improvements to IFRS Standards 2014–2016 Cycle
IAS 7 (Amendments)	Disclosure Initiative
IAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses

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

IAS 7 (Amendments) *Disclosure Initiative*

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

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

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

IAS 7 (Amendments) *Disclosure Initiative* (continued)

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 27. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 27, the application of these amendments has had no impact on the Group's consolidated financial statements.

New and revised IFRSs in issue but not yet effective

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

IFRSs (Amendments)	Annual Improvements to IFRS Standards 2015–2017 Cycle[2]
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[1]
IFRS 4 (Amendments)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
IFRS 9	Financial Instruments[1]
IFRS 9 (Amendments)	Prepayment Features with Negative Compensation[2]
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
IFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[3]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
IAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement[2]
IAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures[2]
IAS 28 (Amendments)	As part of the Annual Improvements to IFRSs 2014–2016 Cycle[1]
IAS 40 (Amendments)	Transfers of Investment Property[1]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for annual periods beginning on or after a date to be determined

Except for IFRS 9 mentioned below, the directors of the Company ("Directors") anticipate that the application of all other new and amendments to IFRSs and Interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

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

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

IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities and general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss; and

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39 "*Financial Instruments: Recognition and Measurement*". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 30 June 2018, the Directors anticipate the following potential impact on initial application of IFRS 9:

Classification and measurement:

- unlisted equity security classified as available-for-sale investment carried at cost less impairment as disclosed in note 15: this security qualified for designation as measured at FVTOCI under IFRS 9 and the Group will measure this security at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in the investments revaluation reserve. Upon initial application of IFRS 9, the fair value adjustment relating to this security would be adjusted to investment revaluation reserve as at 1 July 2018.

- All other financial assets and financial liabilities will continue to be measured on the same basis as are currently measured under IAS 39.

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

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

IFRS 9 *Financial Instruments* (continued)

Impairment

In general, the Directors anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of IFRS 9 by the Group.

Based on the assessment by the Directors, if the expected credit loss model were to be applied by the Group, the Directors anticipate that the application of the expected credit loss model will have no material impact to the consolidated financial statements of the Group.

3. Significant Accounting Policies

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

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

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.

3. Significant Accounting Policies (continued)

Basis of consolidation (continued)

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.

Interests in joint ventures

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

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

3. Significant Accounting Policies (continued)

Interests in joint ventures (continued)

The requirements of IAS 39 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 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 rights to receive payment have been established.

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)

Retirement benefit costs

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

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 liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the end of the reporting period.

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

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

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

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

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

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.

3. Significant Accounting Policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

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 and 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.

Available-for-sale financial assets

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

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

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

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

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 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 dividend and other receivable are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

3. Significant Accounting Policies (continued)

Financial instruments (continued)

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 at amortised cost (including payables and accruals and dividend payable) 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 points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial 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.

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.

3. Significant Accounting Policies (continued)

Impairment on tangible assets (continued)

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

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

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

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

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

Both GS Superhighway JV and West Route JV are limited liability companies whose legal form confers separation between the parties to the joint arrangement and the Company itself. Furthermore, there are no contractual arrangements or any other facts and circumstances that specify that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, GS Superhighway JV and West Route JV are classified as joint ventures of the Group. Details are set out in note 14.

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

Key sources of estimation uncertainty

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

Interests in joint ventures/share of results of joint ventures

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

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

As at 30 June 2018, the interests in joint ventures amounted to RMB4,851,836,000 (2017: RMB5,171,922,000) and the share of results of joint ventures for the year then ended amounted to RMB724,433,000 (2017: RMB680,353,000). Included in the share of results of joint ventures was an amount of RMB618,494,000 (2017: RMB592,754,000), 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 (2017: more) than the amortisation estimated in the prior financial year based on the then expected traffic volumes for future financial years and the effect on share of results of joint ventures is approximate to RMB12,228,000 (2017: RMB11,711,000).

(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.

As at 30 June 2018, the interests in joint ventures amounted to RMB4,851,836,000 (2017: RMB5,171,922,000) and share of results of joint ventures for the year then ended amounted to RMB724,433,000 (2017: RMB680,353,000). Included in the interests in joint ventures, an amount of RMB207,590,000 (2017: RMB179,787,000), which represented the share of provision for the resurfacing obligations of the joint ventures of the Group.

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)

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 2018, as included in interests in joint ventures, an amount of RMB22,034,000 (2017: RMB54,533,000) represents the share of 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

5. Segment Information (continued)

Information regarding the above segments is reported below.

Segment revenue and results

	2017					2018				
	Segment revenue RMB'000	EBITDA RMB'000	Depreciation and amortisation RMB'000	Interest and tax RMB'000	Segment results RMB'000	Segment revenue RMB'000	EBITDA RMB'000	Depreciation and amortisation RMB'000	Interest and tax RMB'000	Segment results RMB'000
GS Superhighway	1,560,590	1,343,096	(460,490)	(324,108)	558,498	1,498,636	1,308,583	(462,525)	(324,885)	521,173
Western Delta Route	598,673	515,856	(210,161)	(198,386)	107,309	663,013	580,436	(229,783)	(212,711)	137,942
Total	2,159,263	1,858,952	(670,651)	(522,494)	665,807	2,161,649	1,889,019	(692,308)	(537,596)	659,115
Corporate interest income from bank deposits					23,539					18,504
Other income					–					868
Corporate general and administrative expenses and depreciation					(40,768)					(34,512)
Corporate finance costs					(19)					(41)
Corporate income tax expense					(7)					(60)
Net exchange (loss) gain (net of related income tax) (Note)					(16,959)					22,154
Profit for the year					631,593					666,028
Profit for the year attributable to non-controlling interests					(8,922)					(9,831)
Profit for the year attributable to owners of the Company					622,671					656,197

Note: Net exchange (loss) gain (net of related income tax) is composed of the Group's share of the exchange gain (net of related income tax) of a joint venture of RMB23,543,000 (2017: net exchange loss (net of related income tax) of RMB22,480,000) and the net exchange loss of the Group of RMB1,389,000 (2017: net exchange gain of RMB5,521,000).

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

The 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.

5. Segment Information (continued)

Segment revenue and results (continued)

The segment results represent (i) the Group's share of joint ventures' results from the operations of toll expressways in the PRC before net exchange gain/loss (net of related income tax) based on the profit-sharing ratios specified in the relevant joint venture 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.

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:

	2017 *RMB'000*	***2018*** ***RMB'000***
Total segment results	665,807	**659,115**
Add:		
Net exchange (loss) gain (net of related income tax)	(22,480)	**23,543**
Withholding tax attributed to the dividend received from and the undistributed earnings of the joint ventures	37,026	**41,775**
Share of results of joint ventures as presented in consolidated statement of profit or loss and other comprehensive income	680,353	**724,433**

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*
2017	2,015	723	2,738	(2,738)	23,539	23,539
2018	**4,036**	**769**	**4,805**	**(4,805)**	**18,504**	**18,504**

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 RMB84,000 (2017: RMB283,000) 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 and Other Expenses

	2017 *RMB'000*	***2018*** ***RMB'000***
Interest income from bank deposits	23,539	**18,504**
Net exchange gain (loss)	5,521	**(1,389)**
Dividend income from investment	–	**600**
Gain on disposal of property and equipment	–	**128**
Others	–	**140**
	29,060	**17,983**

7. Share of Results of Joint Ventures

	2017 *RMB'000*	***2018*** ***RMB'000***
Share of results of joint ventures before share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group and amortisation of additional cost of investments in joint ventures	767,736	**816,975**
Amortisation of additional cost of investments in joint ventures	(87,383)	**(92,542)**
Share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(45,098)	**(47,912)**
Imputed interest income recognised by the Group on interest-free registered capital contributions made by the Group	45,098	**47,912**
	680,353	**724,433**

8. Income Tax Expense

	2017 RMB'000	**2018** **RMB'000**
The tax charge comprises:		
PRC Enterprise Income Tax ("EIT")	84,230	**52,740**
Deferred tax (Note 21)	(47,197)	**(10,905)**
	37,033	**41,835**

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 2018 included an amount of RMB52,680,000 (2017: RMB84,223,000) 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.

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:

	2017 RMB'000	**2018** **RMB'000**
Profit before tax	668,626	**707,863**
Tax at normal PRC income tax rate of 25% (2017: 25%)	167,157	**176,966**
Effect of different tax rates on income tax expense	(17)	**(90)**
Tax effect of income not taxable for tax purposes	(7,242)	**(4,693)**
Tax effect of expenses not deductible for tax purposes	10,197	**8,985**
Tax effect of share of results of joint ventures	(170,088)	**(181,108)**
Deferred tax on undistributed earnings of the joint ventures (Note 21)	(47,197)	**(10,905)**
Withholding tax on earnings distributed by a joint venture	84,223	**52,680**
Income tax expense	37,033	**41,835**

9. Profit for the Year

	2017 RMB'000	**2018 RMB'000**
Profit for the year has been arrived at after charging:		
Auditor's remuneration	1,404	**1,383**
Directors' emoluments (Note 10)	15,359	**10,193**
Other staff costs	16,202	**12,625**
Total staff costs	31,561	**22,818**
Depreciation of property and equipment	190	**108**
Finance costs (Note)	19	**41**

Note: The amount represents the bank charges for both years.

10. Directors' and Five Highest Paid Individuals' Emoluments

Directors' emoluments

The emoluments paid or payable to each of the 13 (2017: 8) Directors were as follows:

	2017					**2018**				
	Directors' fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonus RMB'000	Contribution to retirement benefits plans RMB'000	Total RMB'000	**Directors' fees RMB'000**	**Salaries and other benefits RMB'000**	**Discretionary bonus RMB'000**	**Contribution to retirement benefits plans RMB'000**	**Total RMB'000**
Zhengyu LIU (note a)	–	–	–	–	–	**–**	**–**	**–**	**–**	**–**
Tianliang ZHANG (note b)	–	–	–	–	–	**36**	**195**	**–**	**–**	**231**
Cheng WU (note c)	–	–	–	–	–	**36**	**195**	**–**	**–**	**231**
Ji LIU (note d)	–	–	–	–	–	**36**	**195**	**–**	**–**	**231**
Brian David Man Bun LI (note e)	342	–	–	–	342	**330**	**–**	**–**	**–**	**330**
Yu Lung CHING (note f)	–	–	–	–	–	**75**	**–**	**–**	**–**	**75**
Tony Chung Nin KAN (note g)	–	–	–	–	–	**70**	**–**	**–**	**–**	**70**
Gordon Ying Sheung WU (note h)	263	1,602	–	–	1,865	**213**	**1,194**	**–**	**–**	**1,407**
Eddie Ping Chang HO (note i)	219	1,281	422	–	1,922	**180**	**955**	**–**	**–**	**1,135**
Thomas Jefferson WU (note j)	175	3,783	1,795	16	5,769	**148**	**2,881**	**–**	**13**	**3,042**
Alan Chi Hung CHAN (note k)	175	3,232	995	16	4,418	**148**	**2,452**	**–**	**13**	**2,613**
Chung Kwong POON (note l)	368	–	–	–	368	**291**	**–**	**–**	**–**	**291**
Yuk Keung IP (note m)	368	–	–	–	368	**291**	**–**	**–**	**–**	**291**
Alexander Lanson LIN (note n)	307	–	–	–	307	**246**	**–**	**–**	**–**	**246**
	2,217	9,898	3,212	32	15,359	**2,100**	**8,067**	**–**	**26**	**10,193**

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

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

Directors' emoluments (continued)

Notes:

(a) Mr. Zhengyu LIU was appointed as an Non-executive Director and the Chairman of the board of directors of the Company (the "Board") on 11 April 2018. He waived his director's fee for acting as an Non-executive Director and the Chairman of the Board for the period from 11 April 2018 to 30 June 2018.

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

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

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

(e) Mr. Brian David Man Bun LI was appointed as a chairman of the Remuneration Committee of the Company ("Remuneration Committee") on 11 April 2018.

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

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

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

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

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

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

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

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

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

Five highest paid individuals' emoluments

Of the five individuals with the highest emoluments in the Group, 4 (2017: 4) were Directors whose details of their emoluments are disclosed above.

The emoluments of the remaining one (2017: one) highest paid employee was as follow:

	2017 *RMB'000*	***2018*** ***RMB'000***
Salaries and other benefits	1,068	**1,041**
Discretionary bonus	121	**127**
Contributions to retirement benefits plans	16	**15**
	1,205	**1,183**

During the years ended 30 June 2017 and 30 June 2018, no emoluments were paid by the Group to any of the persons who are Directors or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

11. Dividends

	2017 RMB'000	2018 RMB'000
Dividends recognised and paid as a distribution during the year:		
Interim dividend for the year ended 30 June 2017 of RMB8.6 cents (equivalent to HK9.59416 cents)) per share	275,647	–
Final dividend for the year ended 30 June 2017 paid of RMB11.6 cents (equivalent to HK13.58986 cents) (2017: for the year ended 30 June 2016 paid of RMB8.2 cents (equivalent to HK9.54840 cents)) per share	246,840	**356,196**
Special final dividend for the year ended 30 June 2017 paid of RMB10 cents (equivalent to HK11.71540 cents) (2017: for the year ended 30 June 2016 paid of RMB40 cents (equivalent to HK46.57760 cents)) per share	1,254,262	**307,066**
	1,776,749	**663,262**
Dividends recognised and payable as a distribution during the year:		
Interim dividend for the year ended 30 June 2018 recognised at RMB11.6 cents (equivalent to HK14.24028 cents) per share	–	**356,796**
Final dividend for the year ended 30 June 2018 proposed of RMB9.7 cents (equivalent to HK11.114551 cents) (2017: for the year ended 30 June 2017 RMB11.6 cents (equivalent to HK13.58986 cents)) per share	357,476	**298,924**
Special final dividend for the year ended 30 June 2018 proposed of RMB10 cents (equivalent to HK11.4583 cents) (2017: for the year ended 30 June 2017 of RMB10 cents (equivalent to HK11.71540 cents)) per share	308,169	**308,169**
	665,645	**607,093**

As at 7 June 2018, the Directors have declared that an interim dividend in respect of the year ended 30 June 2018 of RMB11.6 cents (equivalent to HK14.24028 cents) per share amounting to approximately RMB356,796,000 shall be paid to the shareholders of the Company registered as the close of business on 30 July 2018.

A final dividend and special final dividend in respect of the year ended 30 June 2018 of RMB9.7 cents (equivalent to HK11.114551 cents) per share and RMB10 cents (equivalent to HK11.4583 cents) per share respectively are proposed by the Board. 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.

12. Earnings per Share

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

	2017 *RMB'000*	***2018*** ***RMB'000***
Earnings for the purposes of basic earnings per share	622,671	**656,197**

	2017 *Number* *of shares*	***2018*** ***Number*** ***of shares***
Weighted average number of ordinary shares for the purposes of basic earnings per share	3,081,690,283	**3,081,690,283**

No diluted earnings per share have been presented as there was no potential ordinary shares in issue during both years.

13. Retirement Benefits Plans

The Group has established the Mandatory Provident Fund Scheme (the "MPF Scheme") for its Hong Kong employees. The assets of the scheme are held separately in funds which are under the control of independent trustees. The retirement benefit scheme contributions charged to profit or loss represent contributions paid or payable by the Group to the scheme at 5% of each of the employees' monthly relevant income capped at HK$30,000. In addition, the PRC employees employed by the Group are members of the state-managed retirement benefit schemes operated by the PRC Government. The Group is required to contribute 18% of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. At 30 June 2018, there were no forfeited contributions available to reduce future obligations. The total contributions made by the Group to the MPF Scheme and the PRC retirement benefit schemes for the year are RMB838,000 (2017: RMB799,000).

14. Interests in Joint Ventures

	2017 RMB'000	2018 RMB'000
Unlisted investments:		
At cost		
Cost of investment in a joint venture	2,020,789	**2,020,789**
Additional cost of investments	2,520,218	**2,520,218**
Share of results of joint ventures before share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group (net of dividend received)	1,636,243	**1,408,699**
Less: Share of accumulated imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(358,032)	**(405,944)**
Less: Accumulated amortisation of additional cost of investments	(1,434,039)	**(1,526,581)**
	4,385,179	**4,017,181**
At amortised cost		
Registered capital contribution, at nominal amount	2,449,500	**2,449,500**
Fair value adjustment on initial recognition	(2,020,789)	**(2,020,789)**
Accumulated imputed interest income recognised by the Group	358,032	**405,944**
	786,743	**834,655**
	5,171,922	**4,851,836**

Particulars of the Group's joint ventures as at 30 June 2017 and 30 June 2018 are as follows:

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

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

14. Interests in Joint Ventures (continued)

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

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

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

(ii) West Route JV

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

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

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

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

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

14. Interests in Joint Ventures (continued)

(ii) West Route JV (continued)

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

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

As at 30 June 2017 and 30 June 2018, the fully paid registered capital of West Route JV was RMB4,899,000,000.

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

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.

14. Interests in Joint Ventures (continued)

Summarised financial information of joint ventures (continued)

In respect of the years ended 30 June 2017 and 30 June 2018:

	2017			2018		
	GS Superhighway JV RMB'000	West Route JV RMB'000	Total RMB'000	GS Superhighway JV RMB'000	West Route JV RMB'000	Total RMB'000
Non-current Assets						
Property and equipment	433,569	449,184		400,152	380,621	
Concession intangible assets	8,141,371	12,388,255		7,384,044	12,026,226	
	8,574,940	12,837,439		7,784,196	12,406,847	
Current Assets						
Bank balance and cash						
– Cash and cash equivalents	740,085	122,764		436,463	88,212	
– Time deposits with original maturity over three months	50,000	–		50,000	–	
Others	42,577	20,457		53,335	35,774	
	832,662	143,221		539,798	123,986	
Non-current Liabilities						
Resurfacing obligations	(328,303)	(88,988)		(376,926)	(100,832)	
Non-current financial liabilities						
– Bank and other loans	(4,410,493)	(7,436,121)		(3,991,043)	(6,593,121)	
Others	(297,249)	(139,976)		(233,631)	(234,577)	
	(5,036,045)	(7,665,085)		(4,601,600)	(6,928,530)	
Current Liabilities						
Current financial liabilities						
– Bank loans	(357,857)	–		(355,183)	(13,000)	
– Dividend payable	–	–		(158,742)	–	
– Interest payable	(4,032)	(9,175)		(4,813)	(8,090)	
Others	(600,291)	(299,062)		(518,447)	(281,503)	
	(962,180)	(308,237)		(1,037,185)	(302,593)	
Net assets of joint ventures	3,409,377	5,007,338		2,685,209	5,299,710	
Proportion of the Group's interest	48%	50%		45%	50%	
Net assets shared by the Group	1,636,501	2,503,669	4,140,170	1,208,344	2,649,855	3,858,199
Effect of change in profit-sharing ratio of a joint venture over the operation toll period	(54,427)	–	(54,427)	–	–	–
Net assets attributable to the Group	1,582,074	2,503,669	4,085,743	1,208,344	2,649,855	3,858,199
Carrying amount of additional cost of investments	1,049,040	37,139	1,086,179	957,080	36,557	993,637
Carrying amount of the Group's interests in joint ventures	2,631,114	2,540,808	5,171,922	2,165,424	2,686,412	4,851,836

14. Interests in Joint Ventures (continued)

Summarised financial information of joint ventures (continued)

	2017			2018		
	GS Superhighway JV RMB'000	*West Route JV RMB'000*	*Total RMB'000*	***GS Superhighway JV RMB'000***	***West Route JV RMB'000***	***Total RMB'000***
Toll revenue (net of value-added tax)	3,251,230	1,197,346		**3,330,301**	**1,326,026**	
Construction revenue	119,080	12,893		**60,718**	**16,286**	
Total revenue	3,370,310	1,210,239		**3,391,019**	**1,342,312**	
Construction costs	(119,080)	(12,893)		**(60,718)**	**(16,286)**	
Other income and other expense	12,697	38,195		**123,253**	**40,461**	
Provision of resurfacing charges	(66,465)	(9,833)		**(48,623)**	**(11,844)**	
Toll expressway operation expenses	(373,643)	(147,751)		**(348,912)**	**(142,343)**	
General and administrative expenses	(88,148)	(46,245)		**(78,298)**	**(51,428)**	
Depreciation and amortisation charges	(778,377)	(419,292)		**(823,478)**	**(458,402)**	
Finance costs	(130,315)	(359,109)		**(155,378)**	**(313,030)**	
Income tax expense (Note i)	(456,989)	(33,030)		**(508,223)**	**(97,069)**	
Profit for the year (Note ii)	1,369,990	220,281		**1,490,642**	**292,371**	
Proportion of the Group's interest	48%	50%		**45%**	**50%**	
Profit shared by the Group	657,595	110,141	767,736	**670,789**	**146,186**	**816,975**

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 RMB52,318,000 representing the exchange gain (net of related income tax) (2017: exchange loss (net of related income tax) of RMB46,834,000).

15. Investment

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

16. Property and Equipment

	Motor vehicles *RMB'000*	***Furniture, fixtures and equipment*** *RMB'000*	***Total*** *RMB'000*
COST			
As at 1 July 2016	873	4,638	5,511
Disposals/written off	–	(20)	(20)
As at 30 June 2017	**873**	**4,618**	**5,491**
Additions	**–**	**100**	**100**
Disposals/written off	**(536)**	**(127)**	**(663)**
As at 30 June 2018	**337**	**4,591**	**4,928**
DEPRECIATION			
As at 1 July 2016	518	4,520	5,038
Charge for the year	127	63	190
Eliminated on disposals/written off	–	(20)	(20)
As at 30 June 2017	**645**	**4,563**	**5,208**
Charge for the year	**38**	**70**	**108**
Eliminated on disposals/written off	**(346)**	**(126)**	**(472)**
As at 30 June 2018	**337**	**4,507**	**4,844**
CARRYING AMOUNTS			
As at 30 June 2017	228	55	283
As at 30 June 2018	**–**	**84**	**84**

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.

17. Dividend and Other Receivables

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

	2017 *RMB'000*	***2018*** ***RMB'000***
Dividend receivable from a joint venture (Note)	–	**74,134**
Interest receivable	1,652	**1,715**
Others	10	**–**
	1,662	**75,849**

Note: During the year ended 30 June 2018, dividend declared by GS Superhighway JV to the Group amounting to RMB1,037,398,000 (2017: RMB1,684,456,000).

18. Bank Balances and Cash

As at 30 June 2018, bank balances and cash comprise cash held by the Group and bank balances which carry interest at market rates ranging from 0.01% to 10.00% (2017: 0.01% to 10.36%) per annum.

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

	2017 *RMB'000*	***2018*** ***RMB'000***
RMB	468,190	**690,548**
HKD	860	**908**
United States dollars ("USD")	17	**5**
	469,067	**691,461**

19. Share Capital

	Number of shares	***Nominal amount*** *HK$'000*
Ordinary shares of HK$0.1 each		
Authorised:		
As at 1 July 2016, 30 June 2017 and 30 June 2018	10,000,000,000	1,000,000

	Number of shares	***Nominal amount*** *HK$'000*	 *Equivalent to* *RMB'000*
Issued and fully paid:			
As at 1 July 2016, 30 June 2017 and 30 June 2018	3,081,690,283	308,169	270,603

19. Share Capital (continued)

Share option scheme

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

Share award scheme

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

For awarded shares granted on 25 January 2007 according to the 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.

20. Company's Statement of Financial Position, and Share Premium and Reserves

Company's Statement of Financial Position

	2017 *RMB'000*	***2018*** ***RMB'000***
ASSETS		
Non-current Assets		
Investments in subsidiaries	2,470,059	**1,570,678**
Amount due from a subsidiary	1,435,903	**1,609,532**
	3,905,962	**3,180,210**
Current Assets		
Deposits and prepayments	252	**189**
Interest and other receivables	1,652	**1,715**
Amounts due from subsidiaries	241,200	**81,964**
Bank balances and cash	468,554	**690,951**
	711,658	**774,819**
Total Assets	4,617,620	**3,955,029**
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	270,603	**270,603**
Share premium and reserves	3,521,842	**3,003,730**
	3,792,445	**3,274,333**
Current Liabilities		
Payables and accruals	4,746	**2,980**
Dividend payable	–	**370,956**
Amounts due to subsidiaries	820,429	**306,760**
Total Liabilities	825,175	**680,696**
Total Equity and Liabilities	4,617,620	**3,955,029**
Cash and cash equivalents	468,554	**690,951**

Tianliang ZHANG
Director

Ji LIU
Director

20. Company's Statement of Financial Position, and Share Premium and Reserves (continued)

Company's Share Premium and Reserves

The Company's reserves available for distribution represent the share premium and retained profits. Under the Companies Law Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution of a dividend, the Company is able to pay its debt as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends can only be distributed out of the retained profits and share premium of the Company. As at 30 June 2018, the Company's reserves available for distribution to its shareholders amounting to RMB3,439,749,000 (2017: RMB4,038,585,000), comprising retained profits of RMB722,780,000 (2017: RMB933,826,000) and share premium of RMB2,716,969,000 (2017: RMB3,104,759,000).

	Share premium *RMB'000*	***Translation reserve*** *RMB'000 (Note)*	***Retained profits*** *RMB'000*	***Total*** *RMB'000*
As at 1 July 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 11)	(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**
Profit and total comprehensive income for the year	**–**	**–**	**501,946**	**501,946**
Dividends recognised as distribution during the year (Note 11)	**(387,790)**	**80,724**	**(712,992)**	**(1,020,058)**
As at 30 June 2018	**2,716,969**	**(436,019)**	**722,780**	**3,003,730**

Note:

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

The special final dividend for the year ended 30 June 2017 of RMB10 cents (2017: for the year ended 30 June 2016 of RMB40 cents) per share amounting to approximately RMB307,066,000 (2017: RMB1,254,262,000) 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 RMB387,790,000 (2017: RMB1,541,965,000) and credited by RMB80,724,000 (2017: RMB287,703,000) respectively.

21. Deferred Tax Liability

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
As at 1 July 2016	127,412
Charge to profit or loss	37,026
Release to profit or loss upon payment of withholding tax	(84,223)
As at 30 June 2017	**80,215**
Charge to profit or loss	**41,775**
Release to profit or loss upon payment of withholding tax	**(52,680)**
As at 30 June 2018	**69,310**

22. 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.

(a) Categories of financial instruments

	2017 RMB'000	***2018 RMB'000***
Financial assets		
Loans and receivables including cash and cash equivalents	470,893	**767,310**
Available-for-sales financial asset	4,785	**4,785**
	475,678	**772,095**
Financial liabilities		
Financial liabilities at amortised cost	6,746	**376,344**

(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.

23. 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*	
	2017 RMB'000	***2018 RMB'000***	*2017 RMB'000*	***2018 RMB'000***
USD	17	**5**	–	**–**
HKD	864	**908**	6,064	**375,166**

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 2018, against USD and HKD. The following sensitivity analysis includes currency risk related to USD and HKD denominated monetary items of respective group entities and the joint venture.

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

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

As at 30 June 2017, as the carrying amounts of foreign currency denominated monetary assets and liabilities of the Group (excluding the joint ventures) were not significant. Accordingly, no sensitivity analysis is presented.

23. Financial Instruments (continued)

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

(i) Foreign currency risk (continued)

Sensitivity analysis (continued)

As at 30 June 2018, a joint venture of the Group had outstanding bank loans and bank balances denominated in HKD and USD that are not the functional currency of a joint venture (i.e. RMB). The foreign currency risk associated with foreign currency borrowings 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 RMB42,667,000 (2017: RMB48,458,000).

(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 18 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 18. The management continues to monitor the fair value interest rate exposure of the Group.

Sensitivity analysis

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

As at 30 June 2018, the Group (excluding its joint ventures) are exposed to cash flow interest rate in relation to the variable rate bank balances. If interest rate had been 100 (2017: 100) basis points higher/lower, the profit for the year attributable to owners of the Company for the current year would increase/decrease by RMB6,915,000 (2017: RMB4,691,000).

As at 30 June 2018, the joint ventures of the Group are exposed to cash flow interest rate risk in relation to the variable rate bank balances and bank loans. If interest rate had been 100 (2017: 100) basis points higher/lower, the profit for the year attributable to owners of the Company for the current year would decrease/increase by RMB44,708,000 (2017: RMB49,910,0000).

(iii) Credit risk

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

At 30 June 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective financial assets as stated in the consolidated statement of financial position.

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

23. Financial Instruments (continued)

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

(iii) Credit risk (continued)

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

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

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

(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 measurement of financial instruments

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

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

24. Particulars of Principal Subsidiaries

The following list contains the particulars of the subsidiaries of the Company at 30 June 2017 and 30 June 2018 which principally affect the results, assets or liabilities of the Group as the Directors are of the opinion that a full list of all the subsidiaries would be of excessive length. None of the subsidiaries had issued any debt securities during the 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.

25. Operating Leases

The Group as lessee

	2017 RMB'000	***2018 RMB'000***
Minimum lease payments paid under operating lease for premises during the year	1,261	**1,271**

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:

	2017 RMB'000	***2018 RMB'000***
Within one year	–	**1,262**

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

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

26. Capital Commitments

As at 30 June 2017 and 30 June 2018, the Group has no outstanding capital commitment.

27. Reconciliation of Liabilities Arising from Financing Activities

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

	Dividend payable *RMB'000*
As at 1 July 2017	–
Financing cash flows	(673,866)
Dividend declared	1,033,496
Exchange difference	11,326
As at 30 June 2018	370,956

28. Related Party Transactions

Amounts due to and from related parties are disclosed in the consolidated statement of financial position and relevant notes. During the period from 1 July 2017 to 3 April 2018, of which HHL ceased to be the ultimate holding company of the Company on 4 April 2018, the Group paid rentals, air-conditioning, management fee and car parking charges to fellow subsidiaries of HHL amounting to RMB1,101,000 (2017: RMB1,414,000).

Compensation of key management personnel

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

29. Guarantee

As at 30 June 2018, the unutilised uncommitted banking facilities of the Company's wholly-owned subsidiary of RMB253,593,000 (2017: RMB434,028,000) are guaranteed by the Company. The Company is able to control the utilisation of the facilities.

30. Contingent Liability

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

31. Approval of Financial Statements

The consolidated financial statements on page 79 to 121 were approved and authorised for issue by the Board on 27 August 2018.

Consolidated Statement of Profit or Loss

For year ended 30 June 2018
(FOR INFORMATION PURPOSE ONLY)

	2017 RMB'000	**2018 RMB'000**	2017 HK$'000	**2018 HK$'000**
Toll revenue	2,159,263	**2,161,649**	2,462,407	**2,600,727**
Revenue on construction	63,605	**35,466**	73,273	**41,957**
Turnover	2,222,868	**2,197,115**	2,535,680	**2,642,684**
Other income and other expense (Note i)	76,801	**117,633**	87,778	**142,056**
Construction costs	(63,605)	**(35,466)**	(73,273)	**(41,957)**
Provision for resurfacing charges	(36,820)	**(27,803)**	(42,019)	**(49,753)**
Toll expressway operation expenses	(253,224)	**(228,182)**	(288,544)	**(259,294)**
General and administrative expenses	(106,011)	**(95,352)**	(120,814)	**(113,340)**
Depreciation and amortisation charges	(670,841)	**(692,416)**	(764,827)	**(833,088)**
Finance costs (Note ii)	(264,673)	**(250,432)**	(301,741)	**(301,454)**
Profit before tax	904,495	**985,097**	1,032,240	**1,185,854**
Income tax expense	(272,902)	**(319,069)**	(311,617)	**(384,264)**
Profit for the year	631,593	**666,028**	720,623	**801,590**
Profit for the year attributable to:				
Owners of the Company	622,671	**656,197**	710,451	**789,752**
Non-controlling interests	8,922	**9,831**	10,172	**11,838**
	631,593	**666,028**	720,623	**801,590**

Notes:

(i) OTHER INCOME AND OTHER EXPENSE

	2017 RMB'000	**2018 RMB'000**	2017 HK$'000	**2018 HK$'000**
Interest income from bank deposits	26,277	**23,311**	30,080	**27,816**
Imputed interest income on interest-free registered capital contributions made by the Group to a joint venture	22,549	**23,956**	25,714	**28,845**
Net exchange (loss)/gain	(24,453)	**30,001**	(27,613)	**36,739**
Rental income	26,941	**20,174**	30,706	**24,333**
Others	25,487	**20,191**	28,891	**24,323**
	76,801	**117,633**	87,778	**142,056**

(ii) FINANCE COSTS

	2017 RMB'000	**2018 RMB'000**	2017 HK$'000	**2018 HK$'000**
Interest on bank loans	241,414	**225,746**	275,217	**271,730**
Imputed interest on:				
Interest-free registered capital contributions made by a joint venture partner	22,549	**23,956**	25,714	**28,845**
Others	550	**551**	627	**663**
	264,513	**250,253**	301,558	**301,238**
Other financial expenses	160	**179**	183	**216**
	264,673	**250,432**	301,741	**301,454**

Consolidated Statement of Financial Position

As at 30 June 2018
(FOR INFORMATION PURPOSE ONLY)

	2017 RMB'000	***2018 RMB'000***	*2017 HK$'000*	***2018 HK$'000***
ASSETS				
Non-current Assets				
Property and equipment	432,935	**371,923**	498,741	**439,985**
Concession intangible assets	11,101,501	**10,324,590**	12,788,929	**12,213,990**
Balance with a joint venture	393,372	**417,328**	453,164	**493,698**
Investment	4,785	**4,785**	5,513	**5,661**
	11,932,593	**11,118,626**	13,746,347	**13,153,334**
Current Assets				
Inventories	1,115	**731**	1,285	**865**
Deposits and prepayments	1,611	**2,210**	1,855	**2,614**
Interest and other receivables	35,966	**41,994**	41,433	**49,679**
Other receivable from a joint venture	–	**2,700**	–	**3,194**
Pledged bank balances and deposits of joint ventures	434,191	**253,563**	500,188	**299,965**
Bank balances and cash				
– The Group	469,067	**691,461**	540,365	**817,998**
– Joint ventures	6,431	**9,451**	7,409	**11,181**
	948,381	**1,002,110**	1,092,535	**1,185,496**
Total Assets	12,880,974	**12,120,736**	14,838,882	**14,338,830**
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	270,603	**270,603**	308,169	**308,169**
Share premium and reserves	5,255,732	**4,877,469**	6,058,169	**5,782,001**
Equity attributable to owners of the Company	5,526,335	**5,148,072**	6,366,338	**6,090,170**
Non-controlling interests	30,826	**27,219**	35,511	**32,199**
Total Equity	5,557,161	**5,175,291**	6,401,849	**6,122,369**
Non-current Liabilities				
Bank and other loans of joint ventures	5,834,763	**5,092,566**	6,721,647	**6,024,505**
Balance with a joint venture partner	393,322	**417,277**	453,106	**493,639**
Resurfacing obligations	179,787	**207,590**	207,115	**245,579**
Deferred tax liabilities	248,998	**259,820**	286,846	**307,367**
Other non-current liabilities	39,409	**38,175**	45,400	**45,161**
	6,696,279	**6,015,428**	7,714,114	**7,116,251**
Current Liabilities				
Provision, other payables, accruals and deposits received	387,056	**343,097**	445,889	**405,884**
Dividend payable	–	**370,956**	–	**438,841**
Bank loans of joint ventures	171,771	**166,333**	197,880	**196,771**
Other interest payable	6,523	**6,211**	7,514	**7,347**
Tax liabilities	62,184	**43,420**	71,636	**51,367**
	627,534	**930,017**	722,919	**1,100,210**
Total Liabilities	7,323,813	**6,945,445**	8,437,033	**8,216,461**
Total Equity and Liabilities	12,880,974	**12,120,736**	14,838,882	**14,338,830**

Glossary

"13th Five-Year Plan"	Outline of the Thirteenth Five-Year Plan for the National Economic and Social Development of the PRC for the period from 2016 to 2020
"2017 Annual General Meeting"	the annual general meeting of the Company was held at The Glass Pavilion, 3/F., Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on Thursday, 26 October 2017 at 10:00 a.m.
"2018 Annual General Meeting"	the annual general meeting of the Company to be held at The Glass Pavilion, 3/F., Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on Tuesday, 30 October 2018 at 11:00 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
"Bay Area"	Guangdong-Hong Kong-Macao Bay Area, a national development strategy of the PRC
"Board"	the board of Directors of the Company
"CAGR"	compound annual growth rate
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Coastal Expressway"	Guangzhou-Shenzhen Coastal Expressway
"Company"	Hopewell Highway Infrastructure Limited
"CY"	calendar year
"Deloitte"	Deloitte Touche Tohmatsu
"Director(s)"	director(s) of the Company
"EBITDA"	earnings before interest, tax, depreciation and amortisation
"EIT"	enterprise income tax
"Fortune Global 500"	top 500 corporations worldwide according to revenue ranking published by Fortune magazine of the United States annually
"FY"	the financial year ended 30 June

Glossary

"GDP"	gross domestic product
"Group"	the Company and its subsidiaries
"GS Superhighway"	Guangzhou-Shenzhen Superhighway
"GS Superhighway JV"	Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited, the joint venture established for the GS Superhighway
"Guangzhou-Shenzhen Science and Technology Innovation Corridor "	a major development strategy of Guangdong Province covers three cities including Guangzhou, Shenzhen and Dongguan
"Hengqin New Zone"	Hengqin State-level Strategic New Zone
"HK$", "HKD" or "HK Dollar(s)"	Hong Kong Dollars, the lawful currency of Hong Kong
"HKEx Website"	the website of the Stock Exchange at www.hkexnews.hk
"Hong Kong"	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(s)"	joint venture(s)
"km"	kilometre
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macao" or "Macao SAR"	the Macao Special Administrative Region of the PRC
"Mainland China"	the PRC, excluding Hong Kong and Macao
"MPF Scheme"	the mandatory provident fund scheme set up by the Group
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"Phase I West"	Phase I of the Western Delta Route
"Phase II West"	Phase II of the Western Delta Route
"Phase III West"	Phase III of the Western Delta Route
"PRC" or "China"	the People's Republic of China

Glossary

"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(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Share Award Scheme"	the share award scheme adopted by the Board on 25 January 2007
"SIHC"	Shenzhen Investment Holding Co., Ltd* (深圳市投資控股有限公司), incorporated in the PRC with limited liability, the ultimate holding company of the Company
"SIICHIC"	Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd (深圳投控國際資本控股基建有限公司), incorporated in the British Virgin Islands with limited liability
"Silicon Valley"	Santa Clara Valley in California of the United States
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States"	the United States of America
"USD" or "US Dollar(s)"	United States Dollars, the lawful currency of the United States
"West Route JV"	Guangdong Guangzhou-Zhuhai West Superhighway Company Limited, the joint venture established for the Western Delta Route
"Western Coastal Expressway Branch Line"	a project not owned by the Company but by Guangdong Provincial Highway Construction Company Limited* (廣東省公路建設有限公司) (the joint venture partner for Western Delta Route) and Guangdong Communication Enterprise Investment Company Limited* (廣東交通實業投資有限公司)
"Western Delta Route"	the route for a network of toll expressways in the Western PRD, linking Guangzhou to Zhuhai, also known as Guangzhou–Zhuhai West Superhighway (廣珠西綫高速公路)
"yoy" or "YoY"	year-on-year

* For identification purpose only

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

* For identification purpose only

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

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

Company Secretary
Ms. Ching Fan KOO

Solicitors
Woo Kwan Lee & Lo

Auditor
Deloitte Touche Tohmatsu

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

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

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

Principal Bankers+
Bank of China (Hong Kong) Limited
Bank of China Limited
Bank of Communications Co., Limited
The Bank of East Asia, Limited
Chong Hing Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

+ names are in alphabetical order

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

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

American Depositary Receipt

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

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

Website
www.hopewellhighway.com

Financial Calendar

Completion of major transaction for Hopewell Holdings Limited in relation to disposal of approximately 66.69% of issued shares of the Company to SIICHIC	4 April 2018
Close of unconditional mandatory cash offer by CLSA Limited for and on behalf of SIICHIC to acquire all the issued Shares (other than those already owned and/or agreed to be acquired by SIICHIC and/or parties acting in concert within it)	2 May 2018
Suspension of trading in the issued Shares on the Stock Exchange pursuant to Rule 8.08(1)(b) of the Listing Rules	3 May 2018
Grant of waiver by the Stock Exchange from strict compliance with the minimum public float requirement for a period from 2 May 2018 to 2 August 2018	15 May 2018
Interim dividend announcement	7 June 2018
Ex-dividend date	26 July 2018
Closure of Register of Member	30 July 2018
Grant of extension of waiver by the Stock Exchange from strict compliance with the minimum public float requirement for a period from 3 August 2018 to 2 September 2018	3 August 2018
Final results announcement and proposed final dividend and special final dividend payable	27 August 2018
Grant of further extension of waiver by the Stock Exchange from strict compliance with the minimum public float requirement for a period from 3 September 2018 to 30 September 2018	3 September 2018
Interim dividend paid ***(RMB11.6 cents or HK14.24028 cents per share)***	3 September 2018
Closure of Register of Members for eligibility to attend the 2018 Annual General Meeting	23 October 2018 to 30 October 2018 *(both days inclusive)*
2018 Annual General Meeting	30 October 2018
Ex-dividend date	1 November 2018
Closure of Register of Members for entitlement of proposed final dividend and special final dividend	5 November 2018
Deadline for submission of dividend election form	23 November 2018
Proposed final dividend and special final dividend payable# ***Final dividend: RMB9.7 cents or HK11.114551 cents per share*** ***Special final dividend: RMB10 cents or HK11.4583 cents per share***	6 December 2018

Subject to approval by shareholders at the 2018 Annual General Meeting to be held on 30 October 2018.

HOPEWELL HIGHWAY INFRASTRUCTURE LIMITED

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

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC™ C102904