

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **Hopewell Highway Infrastructure Limited**

**合和公路基建有限公司\***

*(incorporated in the Cayman Islands with limited liability)*

**Stock Codes: 737 (HKD counter) and 80737 (RMB counter)**

### **FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2016**

#### **Highlights**

##### **FY16**

- Profit before net exchange gain/loss grew 15% year-on-year to RMB603 million
- Net profit attributable to owners of the Company decreased 2% year-on-year to RMB511 million or RMB16.59 cents per share, as core operation growth was mainly offset by net exchange loss
- Total dividend of RMB56.6 cents per share (final dividend of RMB8.2 cents per share; special final dividend of RMB40 cents per share; interim dividend of RMB8.4 cents per share)
- GS Superhighway's growth momentum has persisted. Nanguang Expressway and Longda Expressway (Shenzhen section) became toll-free since 7 February 2016 and impact on GS Superhighway has been slightly positive
- Western Delta Route ("WDR") first turned profitable in FY16 with net profit of RMB40 million in FY16 (HHI's share)
- RMB82 million of net exchange loss on RMB depreciation (HHI's share)
- Completion of (i) Phase II West's new financial plan, (ii) GS Superhighway's loan rescheduling and (iii) Phase I West's loan rescheduling strengthened JV companies' financial positions
- No need for HHI to inject further capital into West Route JV
- West Route JV utilised surplus cash to (i) fully repay RMB261 million of bank loan principal due in 2016 and (ii) prepay over 80% of RMB373 million of bank loan principal due in 2017 as of 11 August 2016
- Strong financial position and solid bases for strong dividend in the future with (i) HHI corporate level net cash of RMB652 million and (ii) steady dividends from the GS Superhighway JV
- Slightly positive impact on HHI's net toll revenue and net profit from the change of business tax to value-added tax effective since 1 May 2016

\* For identification purposes only

**Upcoming: FY17 and Beyond**

- GS Superhighway JV borrowed RMB2 billion in August 2016 to reimburse past capital expenditure funded by its shareholders, which has strengthened HHI's financial position
- West Route JV is financially self-sufficient until at least 2020
- PBOC lending rate cuts will lower WDR's finance cost by approximately RMB58 million and RMB61 million in FY17 and FY18 respectively (HHI's share)
- FY17 net profit will be supported by healthy core operation
- GS Superhighway's profit sharing ratio will be adjusted from 48% to 45% starting from 1 July 2017

## CHAIRMAN'S STATEMENT

I am pleased to report the Group's results for the financial year ended 30 June 2016. The Group's shared aggregate net toll revenue increased by 4% from RMB1,919 million to RMB2,002 million. This was mainly due to the continuous healthy growth in toll revenue of the GS Superhighway and Western Delta Route.

The aggregate EBITDA of toll expressways (excluding exchange differences on the GS Superhighway JV's US Dollar and HK Dollar loans as well as related income tax) grew by 6%, from RMB1,602 million to RMB1,705 million. The Group's net profit from its toll road projects increased by 20% from RMB507 million to RMB611 million. Meanwhile, the profit attributable to owners of the Company decreased by 2% from RMB520 million to RMB511 million. Basic earnings per share for the year decreased by 2% from the previous year's RMB16.86 cents to RMB16.59 cents.

### Final Dividend and Special Final Dividend

The Board has proposed a final dividend of RMB8.2 cents per share (equivalent to HK9.5484 cents per share at the exchange rate of RMB1:HK\$1.16444) and a special final dividend of RMB40 cents per share (equivalent to HK46.5776 cents per share at the exchange rate of RMB1:HK\$1.16444) for the financial year ended 30 June 2016. Together with an interim dividend of RMB8.4 cents per share that has already been paid, the total regular dividends for the year will amount to RMB16.6 cents per share. This represents a decrease of 1% on the last financial year's total regular dividends of RMB16.8 cents per share. Excluding the special final dividend of RMB40 cents per share, the Company's total dividend for the year represents a regular dividend payout ratio of 100.1% of the Company's profit attributable to owners of the Company and will be 0.5% higher than that of the previous year.

Subject to shareholders' approval at the 2016 Annual General Meeting to be held on Wednesday, 26 October 2016, the proposed final dividend and special final dividend will be paid on Friday, 2 December 2016 to shareholders who are registered at the close of business on Tuesday, 1 November 2016.

If the proposed final dividend and special final dividend are approved by the shareholders at the 2016 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 Tuesday, 23 August 2016 and shareholders will be given the option of electing to receive the final dividend and special final dividend in either RMB or HK Dollars or a combination of RMB and HK Dollars.

To make the dividend election, shareholders should complete the Dividend Election Form (if applicable) and return it to the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Monday, 21 November 2016. **If no dividend election is**

**made by a shareholder, such shareholder will receive the final dividend and special final dividend in HK Dollars.**

### **Closure of Register**

To ascertain shareholders' eligibility to attend and vote at the 2016 Annual General Meeting to be held on Wednesday, 26 October 2016, the Register of Members of the Company will be closed from Wednesday, 19 October 2016 to Wednesday, 26 October 2016, 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 2016 Annual General Meeting, all transfers of share ownership, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 18 October 2016.

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 Tuesday, 1 November 2016, if and only if the proposed final dividend and special final dividend are approved by the shareholders at the 2016 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 Monday, 31 October 2016.

### **Business Review**

During the year under review, the global economy was affected by uncertainty over the timing of the US interest rate hike. Britain's vote to leave the European Union ("EU") ("Brexit") has also set in motion an unprecedented and unpredictable process that threatens turbulence and potential crisis — for Britain, Europe and the global economy. Such challenges are coming at an already fragile moment for the world's economy and the gloomy outlook is exaggerated by a sharp decline in the pound and plummet of the global stock market.

The PRC economy remains as the growth engine to the world economy. To maintain the GDP growth momentum at the target rate of 6.5% - 7.0%, the PRC government continues to stimulate domestic consumption, ease money market liquidity, liberate interest rate, open up capital market and invest in large-scale infrastructure projects. Although RMB weakened unexpectedly in August 2015, the PRC economy still experienced a sustainable expansion. Its GDP in the second quarter of 2016 grew by 6.7% year-on-year, a similar figure to 2015's.

During the year under review, the aggregate average daily toll revenue of the GS Superhighway and the Western Delta Route grew by 4% year-on-year to RMB11.6 million and the combined toll revenue amounted to RMB4,254 million.

The average daily toll revenue of the GS Superhighway increased by 3% year-on-year to RMB8.7 million and its average daily full-length equivalent traffic grew by 4% year-on-year to 92,000 vehicles, indicating growth momentum has persisted since the second half of FY15. Nanguang Expressway and Longda Expressway (Shenzhen section), which are parallel to Taiping to Nantou section of the GS Superhighway, became toll-free since 7 February 2016. The overall impact on the GS Superhighway has been slightly positive and the Group will closely monitor the situation.

The average daily toll revenue and average daily full-length equivalent traffic of the Western Delta Route continued to grow healthily by 8% and 12% year-on-year to RMB2.9 million and 40,000 vehicles respectively, reaching historical high.

## **Corporate Sustainability**

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

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

## **Prospects**

The global economy is facing growing uncertainty after UK voted to leave EU. The unprecedented decision had rendered the slump of world financial markets, and the immediate effect was that the GBP had plunged by approximately 10% against USD on the announcement day of Brexit voting. Furthermore, Brexit had cast cloud on whether Scotland and Northern Ireland may leave UK and created the unforeseeable domino effect that other EU members will follow to exit EU, which might eventually lead to the disintegration of EU and Euro markets. The US will inevitably be affected under the precarious economic climate in the coming years, which will make the Federal Reserve more cautious in raising interest rate this year.

Against the backdrop of unstable economic environment, the PRC government will continue to transform the economy into a consumption-oriented, technology-advanced and environmentally-sustainable growth economy. In order to maintain its GDP growth at a slower rate, the PRC authorities have been deploying policies to revitalize the PRC property market and encourage domestic consumption. These were manifested from a series of official lending rate cuts, targeted tax reduction and accommodative monetary and fiscal policies.

“The Belt and Road initiative” of PRC tactically redirects the overcapacity in PRC to a strategic connection to international arena through international infrastructure projects. In the long run, it will promote co-development and mutual co-operation in the areas of economic, finance, transport, tourism and technology which will finally result in prosperity of the nations along the regions.

Growth in the registered car population of Guangdong remains healthy, increasing by 10% year-on-year and reaching a new record high of 14.7 million vehicles at the end of 2015. The growth in demand for road usage continues to outpace the growth of expressway length. These, together with the prosperous economic development of the Pearl River Delta are expected to sustain growth of the Group’s expressways.

Growth momentum of the GS Superhighway has persisted since the second half of FY15, after the full opening of the Coastal Expressway in December 2013. The Western Delta Route is now the most direct and convenient artery of a regional expressway network that covers the most prosperous and populous cities on the western bank of the Pearl River Delta, including Guangzhou, Foshan, Zhongshan and Zhuhai, and it reduces the travelling time between them. It also offers convenient access to the Hengqin State-level Strategic New Zone, and via its connection with the forthcoming HZM Bridge, to Hong Kong. The urbanization of cities in the western PRD region is expected to accelerate, thus creating economic growth that will benefit the Group.

## **Appreciation**

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

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

Hong Kong, 23 August 2016

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the year under review, the aggregate average daily toll revenue of the GS Superhighway and the Western Delta Route grew by 4% year-on-year to RMB11.6 million and the combined toll revenue amounted to RMB4,254 million.

The growth momentum of the GS Superhighway has persisted since the second half of FY15, as diversion impact from the full opening of the Coastal Expressway since December 2013 was fully realised in 2014. During the year under review, its average daily toll revenue increased by 3% year-on-year to RMB8.7 million and average daily full-length equivalent traffic grew by 4% year-on-year to 92,000 vehicles, maintaining an upward trend.

Nanguang Expressway and Longda Expressway (Shenzhen section), which are parallel to Taiping to Nantou section of the GS Superhighway, became toll-free since 7 February 2016. From current observations, the slight fall in long-distance traffic between Shenzhen and Guangzhou was offset by the significant increase in short-distance traffic between Nantou (which is connected to Nanguang Expressway) and Huanggang / Baoan interchanges. As a result, the overall impact on the GS Superhighway has been slightly positive and the Company will closely monitor the situation.

The average daily toll revenue and average daily full-length equivalent traffic of the Western Delta Route recorded healthy growth at 8% and 12% year-on-year to RMB2.9 million and 40,000 vehicles respectively, reaching historical high. Phase I West maintained steady growth while Phase II West's growth rebounded since November 2015, one year after the completion of upgrading works on National Highway 105 in October 2014. The average daily toll revenue and average daily full-length equivalent traffic of Phase I West grew by 9% and 10% year-on-year, amounting to RMB574,000 and 49,000 vehicles respectively, while that of Phase II West were RMB1,749,000 and 52,000 vehicles, representing a growth of 6% and 11% respectively. Phase III West continued to perform healthily, its average daily toll revenue and average daily full-length equivalent traffic grew by 14% and 19% year-on-year to RMB617,000 and 22,000 vehicles respectively.

The Group's shared aggregate net toll revenue increased by 4% year-on-year to RMB2,002 million during the year under review, with the GS Superhighway and the Western Delta Route contributing 74% and 26% respectively, compared to 75% and 25% respectively in FY15.

<b>Financial Year</b>	<b>2015</b>	<b>2016</b>	<b>% Change</b>
<b><i>At JV company level</i></b>			
<b><i>GS Superhighway</i></b>			
Average Daily Toll Revenue <sup>^</sup> (RMB '000)	8,462	<b>8,682</b>	+3%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles '000)	88	<b>92</b>	+4%
<b><i>Western Delta Route</i></b>			
Average Daily Toll Revenue <sup>^</sup> (RMB '000)	2,715	<b>2,941</b>	+8%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles '000)	36	<b>40</b>	+12%
<b><i>Phase I West</i></b>			
Average Daily Toll Revenue <sup>^</sup> (RMB '000)	525	<b>574</b>	+9%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles '000)	45	<b>49</b>	+10%
<b><i>Phase II West</i></b>			
Average Daily Toll Revenue <sup>^</sup> (RMB '000)	1,651	<b>1,749</b>	+6%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles '000)	47	<b>52</b>	+11%
<b><i>Phase III West</i></b>			
Average Daily Toll Revenue <sup>^</sup> (RMB '000)	540	<b>617</b>	+14%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles '000)	19	<b>22</b>	+19%

\* 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

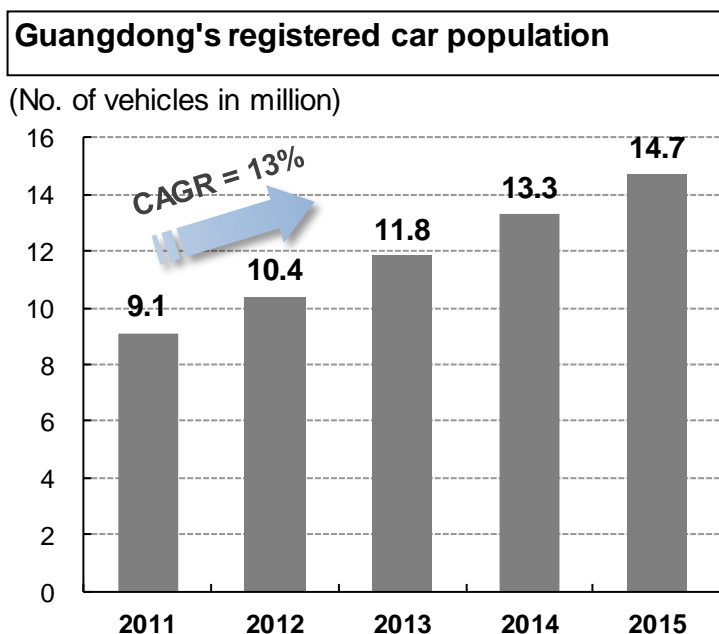
<sup>^</sup> Including tax



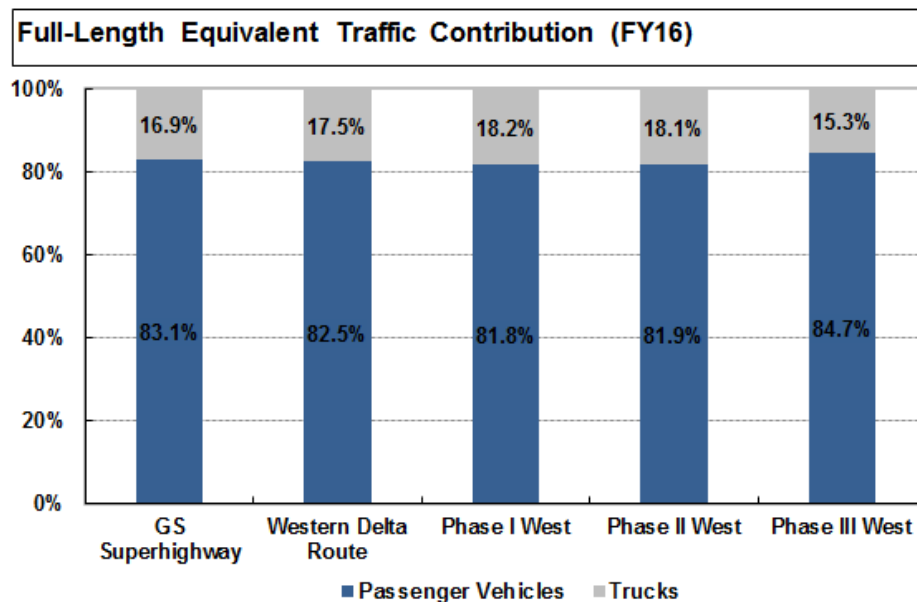
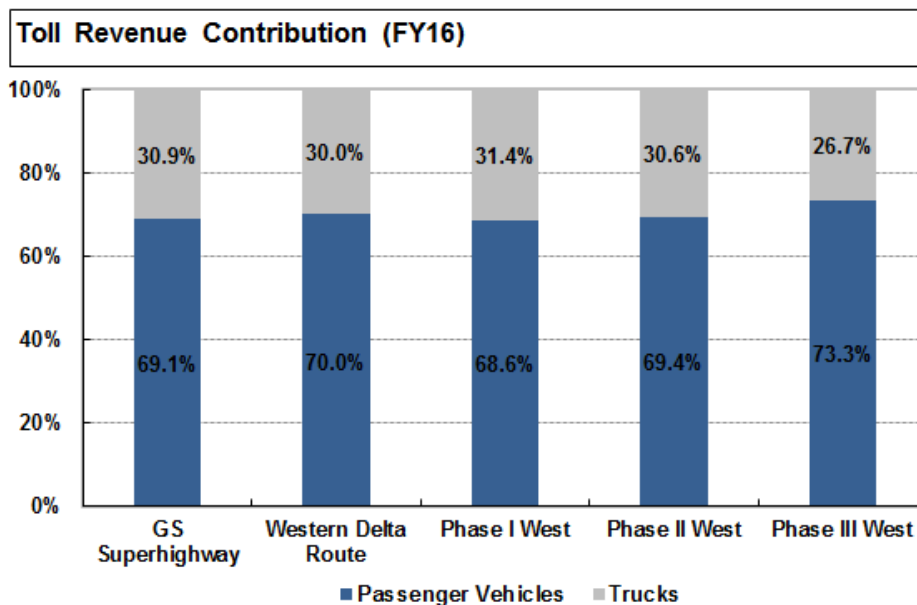
## Economic Environment

The national GDP of China and Guangdong grew at a moderate pace of 6.9% and 8% in 2015 respectively. Entering the 13th Five-Year Plan period, the Chinese government continues to strive for a balance between economic growth and economic restructuring. Accommodative policies are kept in place to maintain a steady growth. On the other hand, supply-side structural reforms are carried out to accelerate the transformation and upgrade of the economy. Under this economic backdrop, the Chinese government targets the GDP growth of China and Guangdong at a moderate pace of 6.5% - 7.0% and 7.0% - 7.5% respectively in 2016.

From 2011 to the end of 2015, total length of expressways in Guangdong reached 7,021 km with a compound annual growth rate of 9%. On the other hand, continuous demand for road usage was reflected by a compound annual growth of registered car population at 13% during the same period. A new record high of 14.7 million vehicles was reached at the end of 2015. The growth rate of toll road supply is far lagging behind the demand in Guangdong. The prosperous economic development and the rising registered car population that generate sustained demand for road traffic will continue to support the growth of the Group's expressways.



China continued to be the world’s largest vehicle sales market for the seventh consecutive year in 2015. Annual vehicle sales in the PRC in 2015 increased by 5% to approximately 25 million units according to the China Association of Automobile Manufacturers. During the first half of 2016, the sales volume has reached approximately 12.8 million units at an annual growth rate of 8%. It is expected that total sales will increase 6% year-on-year and exceed 26 million units at the year end of 2016. In 2015, registered car population in the PRC rose 11% year-on-year to 163 million. The Company believes that the GS Superhighway and the Western Delta Route will continue to benefit from the growth of car population in the PRC and Guangdong, which is driven mainly by the sales growth of passenger cars.



## **Growth Potential of the Western Delta Route**

The Western Delta Route is a 97.9-km closed expressway with a total of 6 lanes in dual directions which comprises Phase I West, Phase II West and Phase III West. It is the most direct and convenient expressway artery in the regional expressway network on the western bank of the PRD region, running from north to south through the most prosperous and populous cities namely Guangzhou, Foshan, Zhongshan and Zhuhai. It offers direct and convenient access to the Hengqin State-level Strategic New Zone, and via its connection with the forthcoming HZM Bridge, to Hong Kong. The healthy economic development of the four main cities on the western bank of the PRD region, namely Guangzhou, Foshan, Zhongshan and Zhuhai with GDP growth of 7.6%-8.1% in the first half of 2016, will create solid demand for transportation along the Western Delta Route.

The Western Delta Route is located at the heart and runs along the central axis of the western bank of the PRD region. It is well connected with the Guangzhou Ring Road, Guangzhou-Gaoming Expressway, Guangzhou Southern Second Ring Road, Zhongshan-Jiangmen Expressway, Western Coastal Expressway, and will link up with the forthcoming HZM Bridge, Guangzhou-Zhongshan-Jiangmen Expressway, Humen Second Bridge and Shenzhen-Zhongshan Corridor (these infrastructures will open to traffic by the end of 2018, 2019, 2019 and 2023 respectively, according to the media reports) to form a comprehensive regional expressway network. Moreover, Second Hengqin Bridge was open to traffic on 30 December 2015 and is linked with the southern end of the Western Delta Route via local road into Hengqin temporarily. By the end of 2016, an expressway linking with the Second Hengqin Bridge will be completed and this new connection will further strengthen the position of the Western Delta Route as a north-south corridor on the western bank of the PRD region, making it the only expressway artery facilitating traffic to and fro Guangzhou and Hengqin. The Company believes that good connectivity will provide continuous and stable traffic flow to the Western Delta Route.

The HZM Bridge will commence operation in 2018, according to the media. Upon its completion, cities on the western bank of the PRD region will fall into a 3-hour commuting radius from Hong Kong. The cross border passenger and freight traffic between the western bank of the PRD region and Hong Kong will be stimulated due to a more convenient land transport and shorter travelling time. The travelling time between Hong Kong and Zhuhai will be substantially shortened to approximately 30 minutes via the HZM Bridge in the future instead of spending as long as 4 hours by land or over 1 hour by sea. With reference to the opening of the Hong Kong-Shenzhen Western Corridor in 2007, the number of cross-border licenses for private cars had significantly been increased to utilise the enlarged capacity of the border crossings. It is expected that more private car cross-border licenses will be issued for the new HZM Bridge border crossing shortly after its opening. The HZM Bridge's opening will further foster the region's economic development and integration.



Hengqin in Zhuhai is the third State-level Strategic New Zone following Shanghai’s Pudong District and Tianjin’s Binhai area in China. It is also being incorporated as part of the China (Guangdong) Pilot Free Trade Zone which was established in April 2015. Hengqin is being positioned as a new growth hub focusing on the development of business services, tourism, entertainment and technological research. Numerous key development projects, including commercial landmarks, hotels and tourist attractions, will be completed in the coming few years. According to the media reports in April 2016, the total committed project investments in Hengqin have reached over RMB320 billion. Among which, several key projects are in progress. Chimelong International Ocean Tourist Resort, one of the signature projects in Hengqin that attracted over 25 million tourists since official opening in March 2014, had started the construction of its phase two in January 2015. Moreover, Phase one of Lai Sun Group’s Star and Artist Cultural Creative City, another signature project focused on culture and recreation industries with theme hotels, targets to open in 2018 according to the media. Early in April 2014, the Macao government recommended 33 qualified projects, covering tourism, culture, trade and technology industries, to be developed in the Guangdong-Macao Cooperation Industrial Park. Of which, a ground-breaking ceremony was held for 12 Macao-funded projects in February 2016 that will be completed from 2018 onwards as reported by the media. The progressive development in Hengqin will strengthen the demand for transportation in the region.

## Hengqin's Developments

	CY	2014	2015	2016	2017	2018	▶ ▶ ▶ ▶
<b>Projects</b>							
Chimelong International Ocean Tourist Resort Phase 1		Opened in March 2014					
Chimelong International Ocean Tourist Resort Phase 2			Started construction in January 2015 (Target opening in 2020*)				
Phase I of Lai Sun Group's Star and Artist Cultural Creative City				Started construction in end 2015 (Target opening in end 2018*)			
Ferretti Yacht Asia-Pacific Center				Started construction in December 2015 (Target opening in 2018*)			
Guangdong-Macao Cooperation Industrial Park				Started construction in February 2016 (Target completion from 2018 onwards*)			
<b>Infrastructure</b>							
Macau Cotai-Hengqin Border Crossing 24-hour opening		Started since December 2014					
Hengqin Second Bridge				Opened in December 2015			

\* According to media

On the other hand, newly established gaming resorts and hotels in Macau have helped to promote tourism. In addition to Studio City's opening in October 2015, Wynn Palace and the Parisian Macao are scheduled to open in the second half of 2016, providing a total of approximately 6,200 guest rooms. These new landmarks will provide fresh experience of entertainment and hospitality in the region, propelling a second wave of growth in Macau's tourism. Furthermore, after the implementation of 24-hour opening of border crossing for passengers and passenger cars between Macau and Hengqin since 18 December 2014, the cross border traffic flow was boosted. The average daily cross border passenger flow and vehicular traffic between Cotai and Hengqin grew robustly by 53% and 15% to 21,000 journeys and 3,000 vehicles respectively in 2015. The Western Delta Route, being the most direct and the shortest expressway from Guangzhou to Hengqin and Macau, will benefit from the increased demand for passenger and freight transportation brought along by the developments of the region.

## **Toll Road Policies**

### ***Traffic restriction during peak hours in Shenzhen***

On 29 December 2014, the Traffic Police Bureau of Shenzhen announced a new traffic restriction on non-Shenzhen registered passenger vehicles. These vehicles are prohibited from travelling within the four downtown districts of Shenzhen, namely Futian, Luohu, Nanshan and Yantian, during peak hours from 07:00 to 09:00 and from 17:30 to 19:30 since 30 December 2014. According to the latest announcement by the Traffic Police Bureau of Shenzhen, this restriction has been extended to certain areas of six additional downtowns, namely Baoan, Longgang, Longhua, Guangming, Pingshan and Dapeng, effective since 15 April 2016. Routes linking the six border crossings are exempted from this measure, therefore vehicles travelling along the GS Superhighway to the Huanggang and Futian border crossings are not affected.

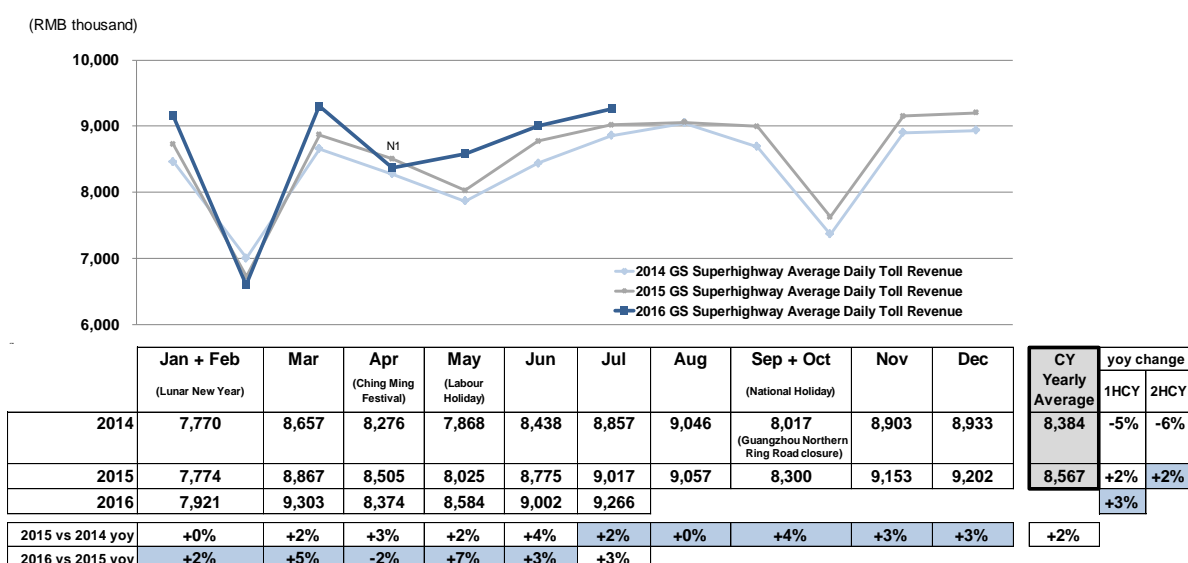
## Regulation on the Administration of Toll Roads (Amendment Proposal)

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

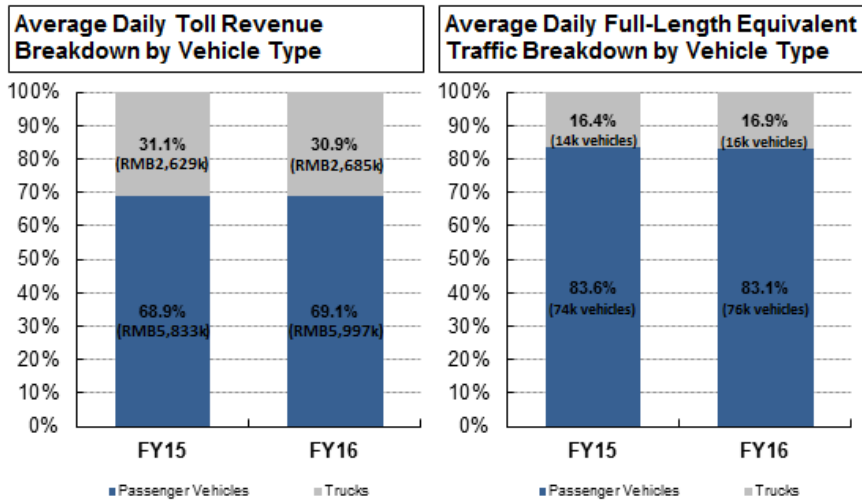
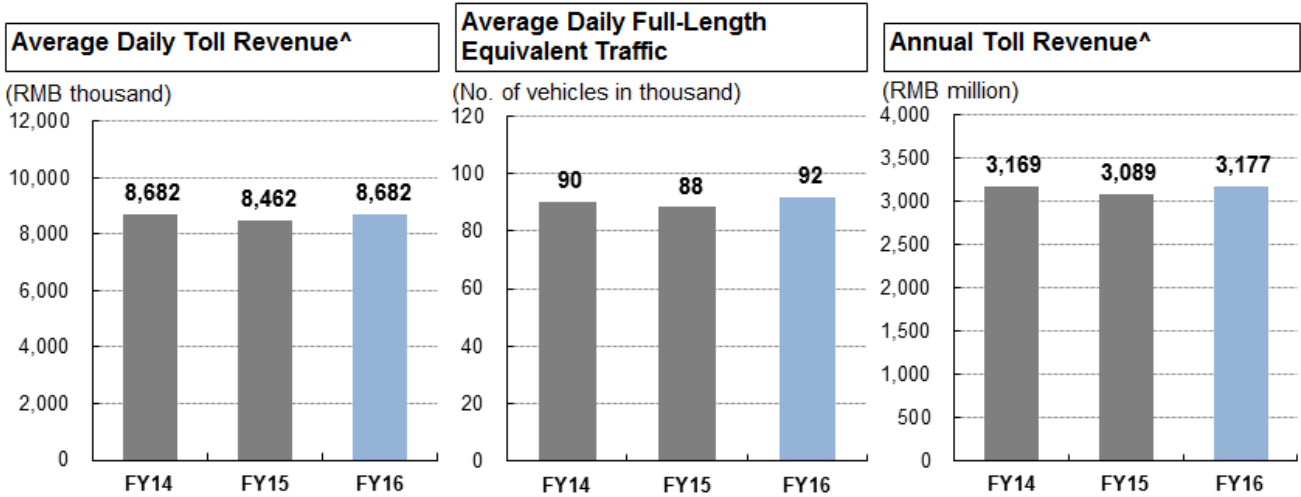
## Guangzhou-Shenzhen Superhighway

The GS Superhighway is the main expressway connecting the PRD region's three major cities – Guangzhou, Dongguan, Shenzhen and Hong Kong. After the full opening of the Coastal Expressway at the end of 2013, the GS Superhighway returned to positive growth since the second half of FY15. During the year under review, the growth has persisted at a steady pace. Average daily toll revenue increased by 3% year-on-year to RMB8.7 million, and its total toll revenue amounted to RMB3,177 million. The average daily full-length equivalent traffic on the GS Superhighway rose by 4% year-on-year to 92,000 vehicles, implying a 28% room to grow when compared with the historical peak at 118,000 vehicles on 18 September 2013. This indicates there is still room for traffic to grow on the GS Superhighway. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 69.1% and 83.1% of the GS Superhighway's toll revenue and full-length equivalent traffic volume.

## GS Superhighway Average Daily Toll Revenue (Monthly)



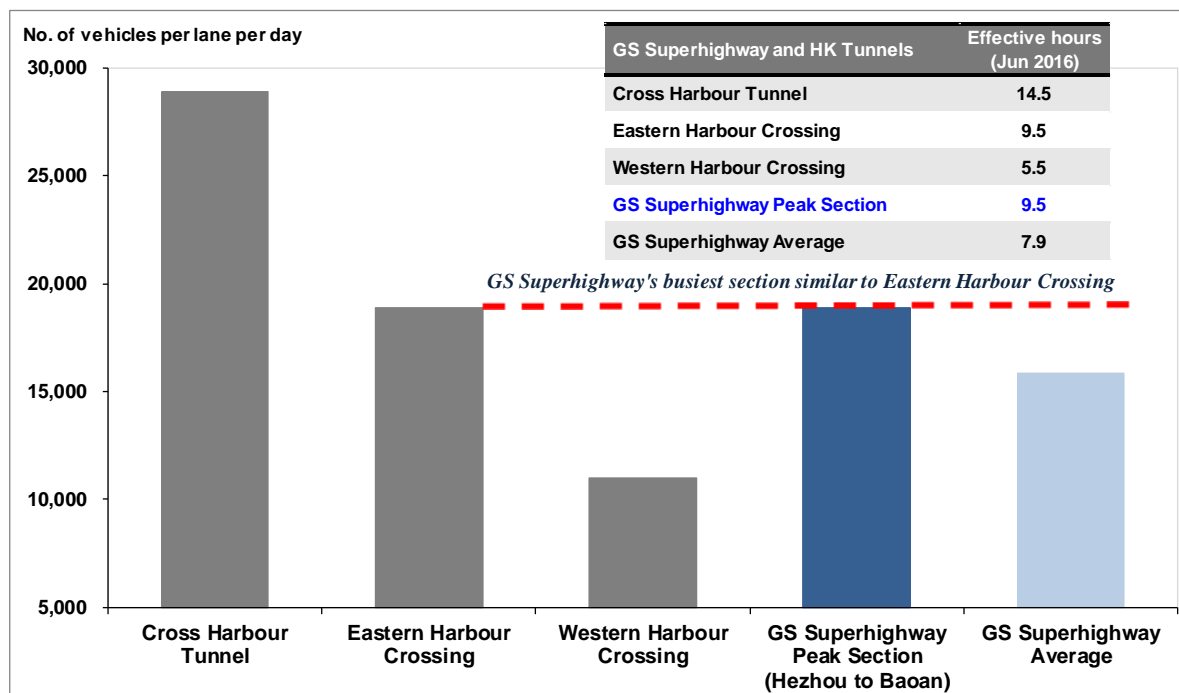
N1: April: One more day of toll-free Labour Holiday in 2016 compared to 2015; May: One less day of toll-free Labour Holiday in 2016 compared to 2015



<sup>^</sup> Including tax

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

### **GS Superhighway – Average Daily Cross Sectional Traffic Per Lane and Effective Hour**



Remarks:

- 1) Effective hour = no. of vehicles per lane / 2,000 cars per hour per lane
- 2) 10 lanes in dual directions in Wudianmei to Taiping and Hezhou to Fuyong sections after expansion for the GS Superhighway
- 3) Average daily traffic of HK tunnels (May 2016): Cross Harbour Tunnel 116,000, Eastern Harbour Crossing 76,000, Western Harbour Crossing 66,000
- 4) Average daily traffic of GS Superhighway (June 2016)

Nanguang Expressway and Longda Expressway (Shenzhen section), which are parallel to Taiping to Nantou section of the GS Superhighway, became toll-free since 7 February 2016. From current observations, the slight fall in long-distance traffic between Shenzhen and Guangzhou was offset by the significant increase in short-distance traffic between Nantou (which is connected to Nanguang Expressway) and Huanggang / Baoan interchanges. As a result, the overall impact on the GS Superhighway has been slightly positive and the Company will closely monitor the situation.

In response to the collision incidents caused by over-height ships sailed across the navigable bridges of the GS Superhighway, certain lanes on both directions at Chuancha Bridge, Zhongtang Bridge (both located between Machong and Wangniudun interchanges) and Xinzhou Bridge (located between Daojiao and Dongguan interchanges) were closed for maintenance in different periods from mid-March to early July in 2016. This temporary measure had minimal impact on the toll revenue of the GS Superhighway. In light of such incidents, the GS Superhighway JV enforced several precautionary measures, such as the installation of alarm and warning systems at navigable bridges of Dongguan section, to reduce the possibility of ship collision in the future.



Both Guangzhou Northern Ring Road and Guangzhou East-South-West Ring Road, which are connected to Guangdan interchange of the GS Superhighway, started maintenance works in some sections from mid-June 2015. The maintenance works on Guangzhou Northern Ring Road were completed by the end of August 2015 while the renovation works on Guangzhou East-South-West Ring Road will continue till 2017. Traffic between these roads and the GS Superhighway was slightly interrupted and the impact is insignificant.

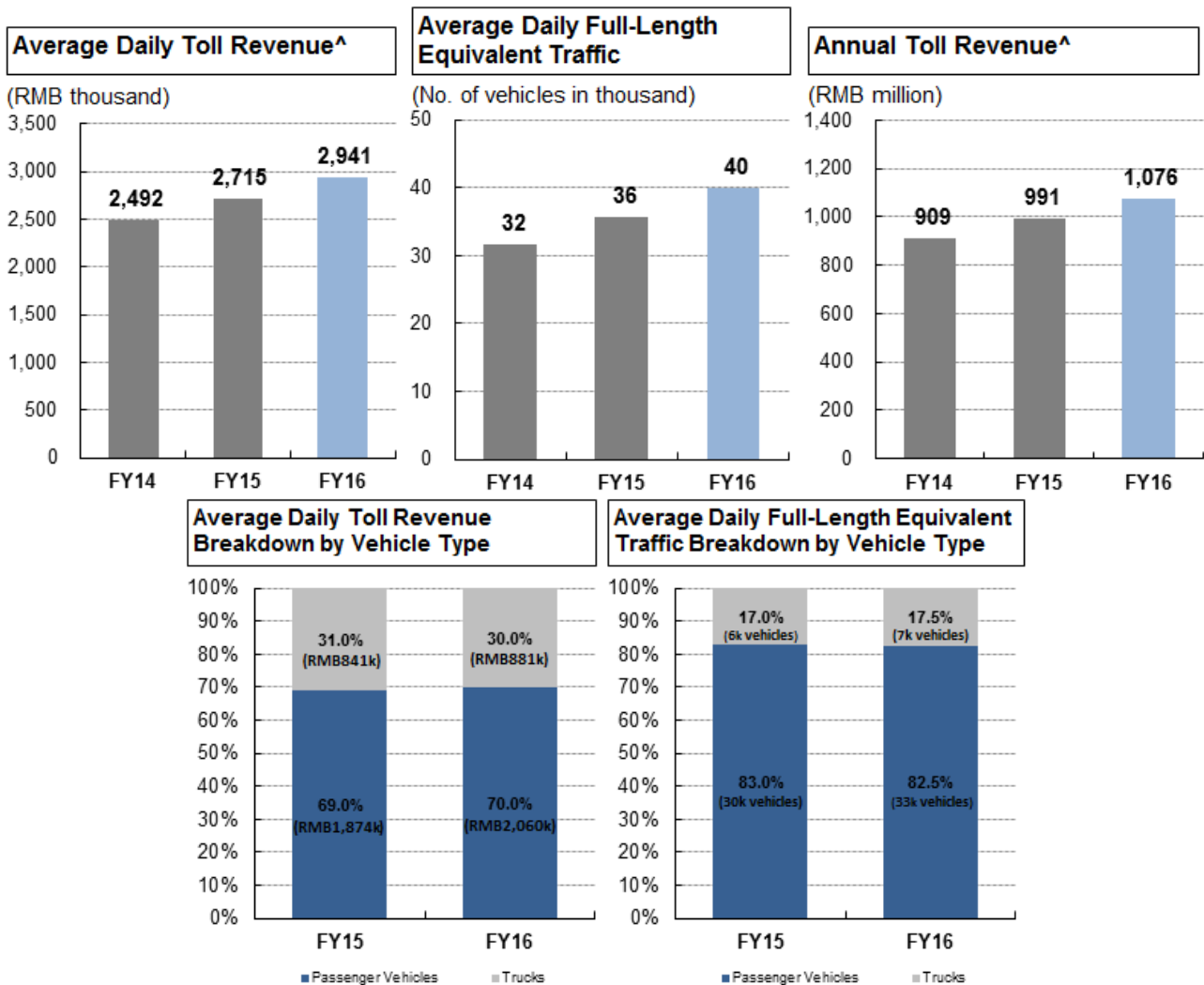
According to the media reports, Baoan section of National Highway 107 has planned to start upgrading works in the future. While the starting date of construction works is yet to be announced, the Group will continue to monitor the situation.

The GS Superhighway JV has been making incessant progress in enhancing its operational efficiency and its capability to cope with the increasing traffic by installing automated equipment at the toll lanes and entry lanes. Currently, approximately 76% of all the toll lanes at entrances to the GS Superhighway are equipped with ETC or automatic card-issuing machines. An organizational structure review is also in progress in order to streamline the workforce to further improve the operational efficiency. Furthermore, energy saving LED lights were installed at the toll plazas and along its entire main alignment in order to reduce energy consumption and lower operating cost.

### **Western Delta Route**

The Western Delta Route is a 97.9-km closed expressway with a total of 6 lanes in dual directions which is comprised of Phase I West, Phase II West and Phase III West. It is the central expressway artery on the western bank of the PRD region connecting four major cities – Guangzhou, Foshan, Zhongshan and Zhuhai. It is well connected with Guangzhou's expressway network in the north and extends southwards to link with Zhuhai's expressway network, offering a convenient access to Hengqin and the forthcoming HZM Bridge to Hong Kong.

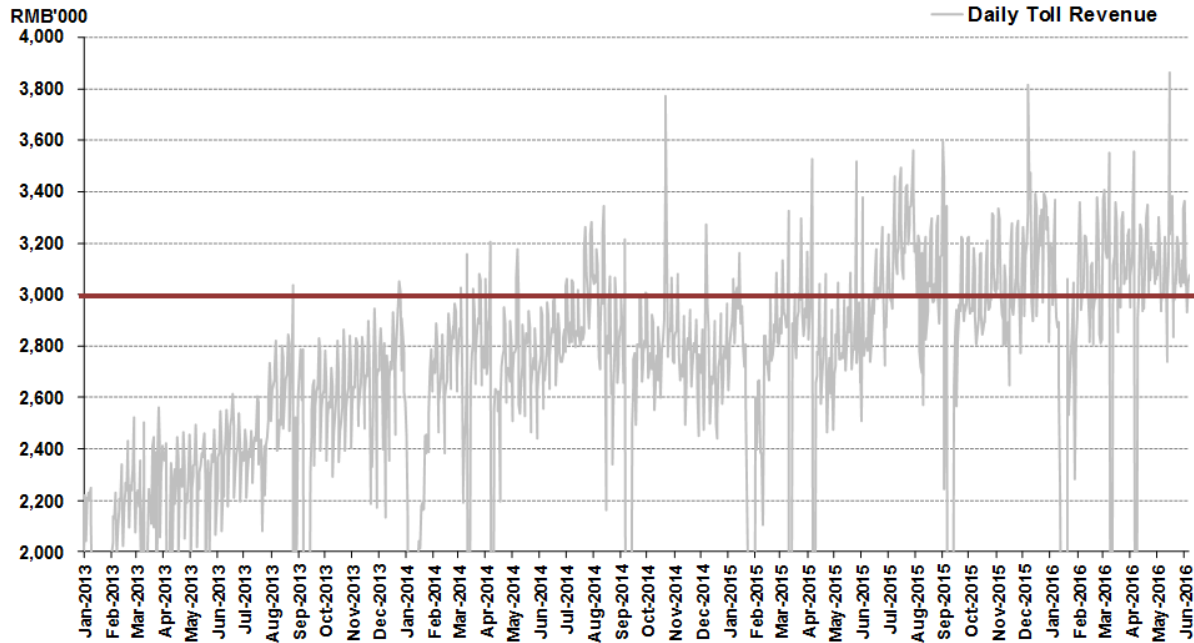
During the year under review, benefiting from the development of tourism in Hengqin and Macau and healthy economic environment, the average daily toll revenue and average daily full-length equivalent traffic of the Western Delta Route continued to grow healthily and achieved 8% and 12% year-on-year growth to RMB2.9 million and 40,000 vehicles respectively. Meanwhile, its total toll revenue amounted to RMB1,076 million. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 70.0% and 82.5% of the Western Delta Route's toll revenue and full-length equivalent traffic volume respectively. On 8 June 2016, its toll revenue recorded a new high which amounted to RMB3.9 million.



<sup>^</sup> Including tax

After the opening of Phase III West in the second half of FY13, the Western Delta Route continues to maintain its positive operating cash flow (after taking interest expense payments into account). As the People's Bank of China started a series of lending rate cuts since the fourth quarter of 2014, together with the completion of Phase II West's new financial plan, the interest expense of the Western Delta Route has been lowered. As a result, the level of average daily toll revenue for the Western Delta Route to achieve profit breakeven is below RMB3 million. The Western Delta Route first turned profitable in FY16 and it has shown encouraging revenue generation since opening when comparing with other projects of the Company. Given its locational advantages on the western bank of the Pearl River Delta, it is well positioned to grow with the prosperous economic development in the region.

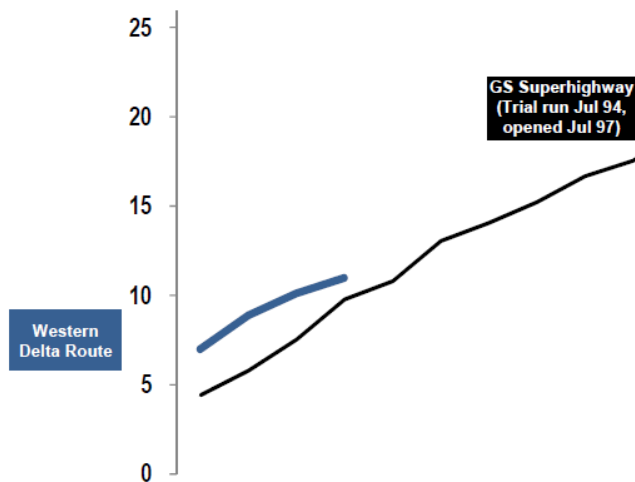
## Western Delta Route (Phases I, II and III West): Daily Toll Revenue\*



\* Data from 25 January 2013 (when Phase III West commenced operation) to 30 June 2016

## Western Delta Route — Annual Toll Revenue^ Per Km

(RMB million)



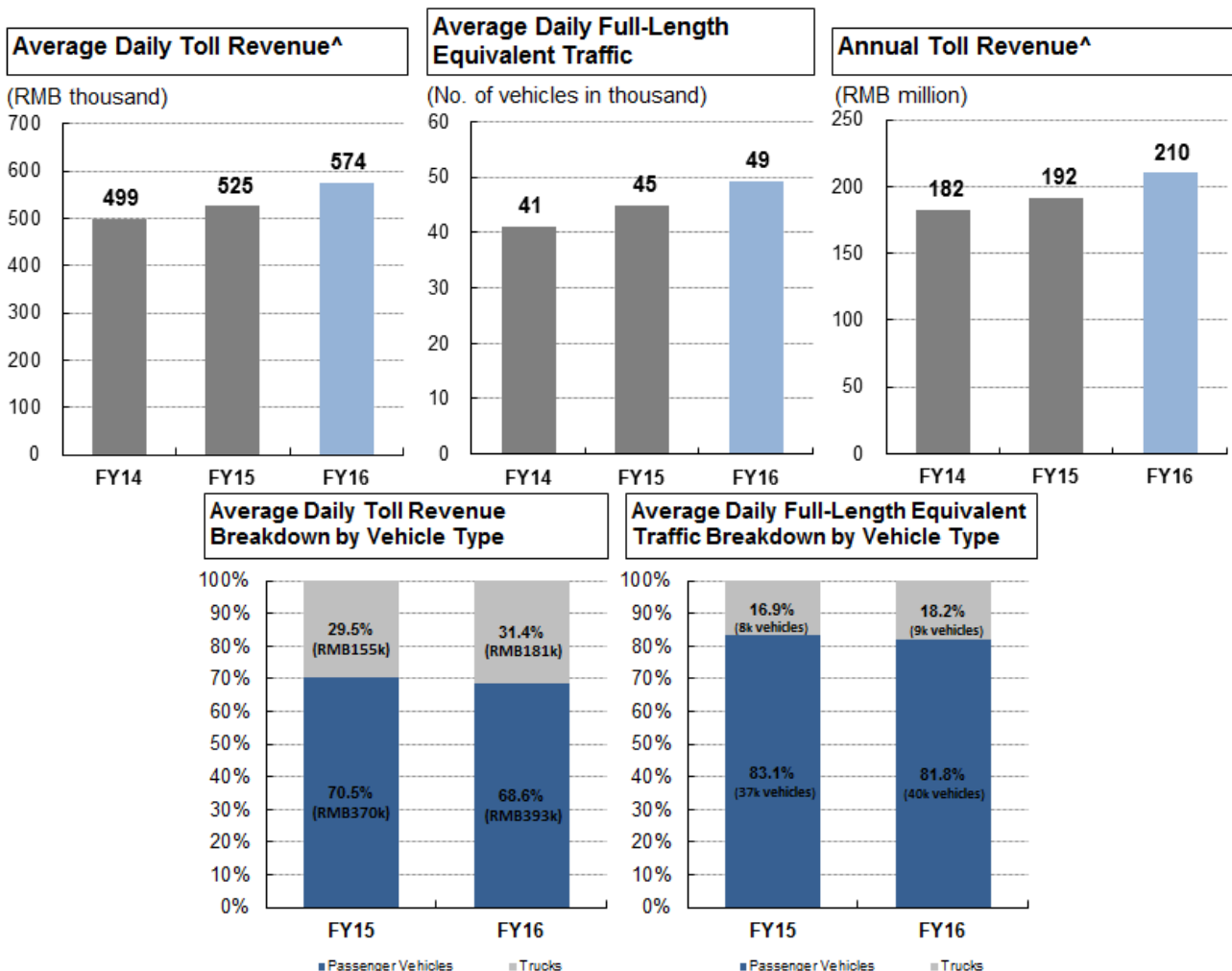
Opening Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22
<b>GS Superhighway (FY95)</b>	4.4	5.8	7.5	9.8	10.8	13.1	14.4	15.4	17.2	20.6	24.2	26.2	29.8	26.0	26.6	28.5	30.1	29.5	25.7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

^ Including tax

## Phase I of the Western Delta Route

Phase I West connects with Guangzhou East-South-West Ring Road to the north, and Phase II West and National Highway 105 at Shunde to the south. As the northern part of the Western Delta Route, Phase I West's synergy with Phase II West and Phase III West as well as the on-going economic growth of Guangzhou and Foshan will continue to drive the growth of its traffic volume and toll revenue.

The traffic volume and toll revenue of Phase I West grew steadily. During the year under review, its average daily toll revenue increased by 9% year-on-year to RMB574,000, whereas its average daily full-length equivalent traffic increased by 10% to 49,000 vehicles. Its total toll revenue for the year amounted to RMB210 million. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 68.6% and 81.8% of Phase I West's toll revenue and full-length equivalent traffic volume respectively.



<sup>^</sup> Including tax

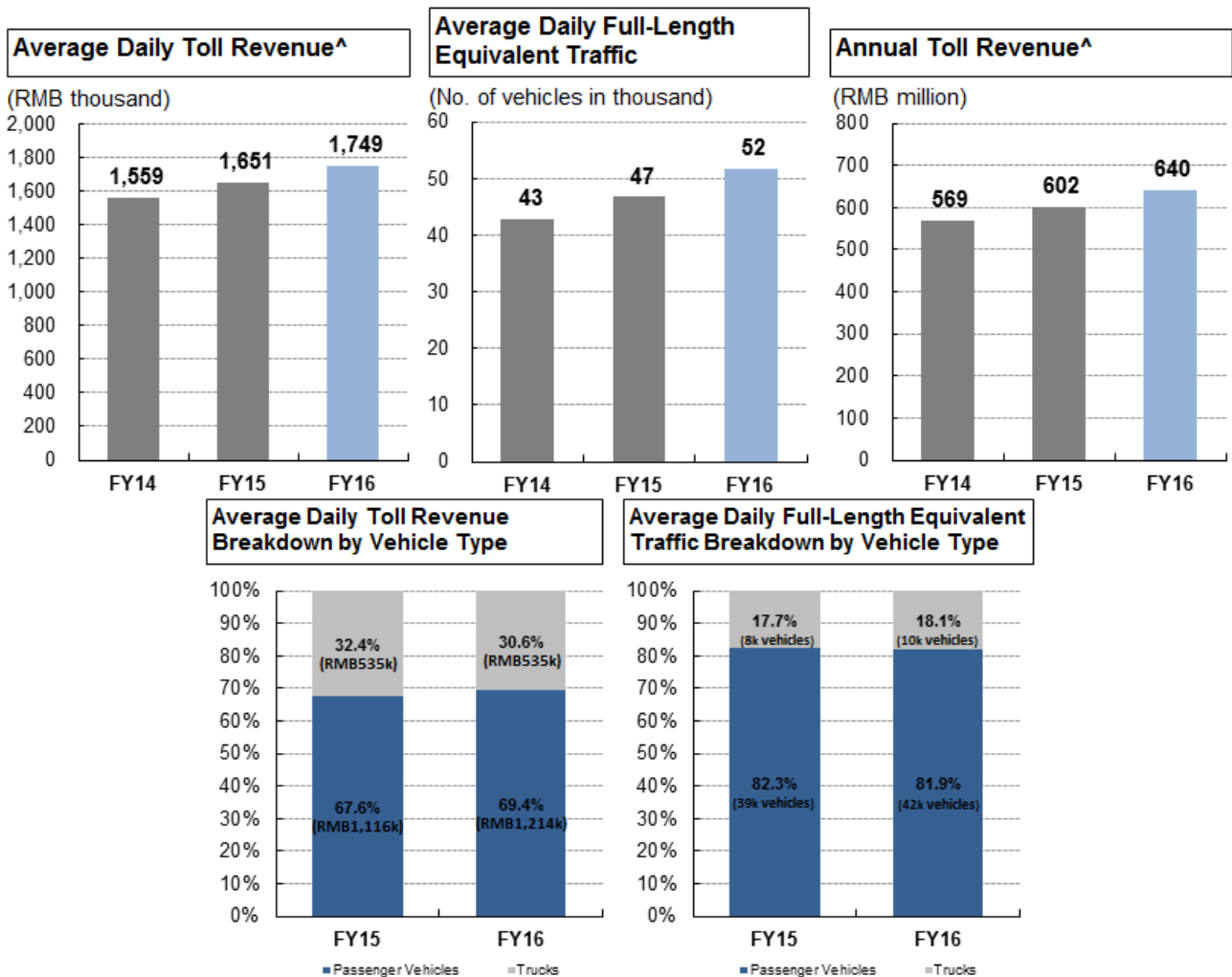
A new interchange between Shizhou and Bijiang interchanges constructed by Guangzhou-Gaoming Expressway, namely Wujiawei interchange, was partially opened and connected with the southbound of Phase I West at the end of December 2014. Since 5 February 2016, this interchange is also connected with the northbound of Phase I West and fully opened to traffic. This new connection helps to bring in additional traffic from western Foshan to the Western Delta Route.

## **Phase II of the Western Delta Route**

Phase II West is connected to Phase I West at Shunde to the north and Phase III West at Zhongshan to the south. It is also interconnected with National Highway 105, Guangzhou Southern Second Ring Road and Jiangmen-Zhongshan Expressway, and it has a direct connection to downtown Zhongshan at its southern end. The healthy economic development of cities alongside continues to boost the growth of Phase II West's traffic volume and toll revenue.

The toll revenue and traffic volume of Phase II West posted a stable growth during the year under review. Its average daily toll revenue rose by 6% year-on-year to RMB1,749,000, and average daily full-length equivalent traffic grew by 11% to 52,000 vehicles. Total toll revenue for the year amounted to RMB640 million. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 69.4% and 81.9% of Phase II West's toll revenue and full-length equivalent traffic volume respectively.

In October 2014, the upgrading works on Shunde to Zhongshan section of National Highway 105, which runs parallel to Ronggui to Zhongshanxi section of Phase II West, were completed. The traffic on National Highway 105 became smoother and it caused a diversion on the traffic of Phase II West. One year after the completion of the upgrading of the above parallel section, the traffic and toll revenue growth of Phase II West rebounded since November 2015. Supported by the on-going economic development in Shunde and Zhongshan, it is expected that the traffic volume will continue to grow steadily.

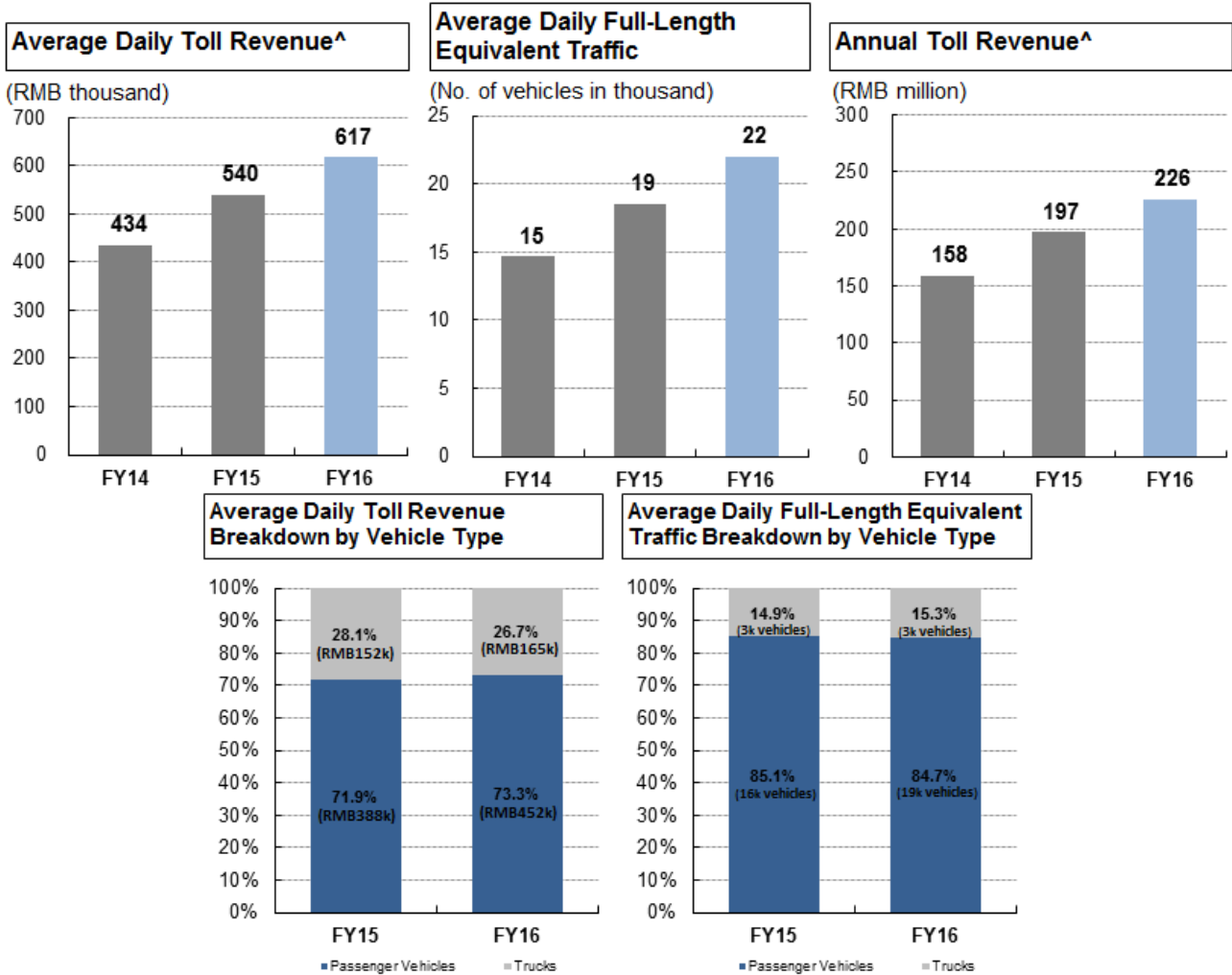


<sup>^</sup> Including tax

### Phase III of the Western Delta Route

Phase III West is connected to Phase II West at Zhongshan to the north. It extends southwards to link with the Zhuhai expressway network, thus providing a direct access to Hengqin (the State-level Strategic New Zone) in Zhuhai, Macau and the HZM Bridge which is currently under construction. It provides the most direct and convenient expressway link between the city centres of Zhongshan and Zhuhai.

The traffic volume and toll revenue of Phase III West continues to record healthy growth. During the year under review, its average daily toll revenue and average daily full-length equivalent traffic amounted to RMB617,000 and 22,000 vehicles, up by 14% and 19% respectively. Its total toll revenue for the year amounted to RMB226 million. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 73.3% and 84.7% of Phase III West's toll revenue and full-length equivalent traffic volume respectively.



<sup>^</sup> Including tax

The Second Hengqin Bridge was opened to traffic on 30 December 2015 and is linked with the southern end of the Western Delta Route via local road into Hengqin temporarily. By the end of 2016, it will be connected with the Zhuhai expressway network and a direct expressway link from Guangzhou to Zhuhai's Hengqin which includes the Western Delta Route will be formed. It can further facilitate traffic to and fro Hengqin through Phase III West. It is believed that good connectivity will provide continuous and stable traffic flow to the Western Delta Route.

## FINANCIAL REVIEW

The Group's performance for the year ended 30 June 2016 presented in RMB (million) was as follows:

<u>(HHI's share)</u>	Year ended 30 June									
	2015					2016				
	Net toll revenue	EBITDA	Depreciation and amortisation	Interest and tax	Results	Net toll revenue	EBITDA	Depreciation and amortisation	Interest and tax	Results
<i>RMB million</i>										
Project contributions:										
GS Superhighway <i>Note 1</i>	1,438	1,209	(394)	(268)	547	1,480	1,262	(414)	(277)	571
Western Delta Route	481	393	(153)	(280)	(40)	522	443	(181)	(222)	40
— Phase I West	93	72	(18)	(16)	38	102	81	(21)	(15)	45
— Phase II West	292	249	(92)	(139)	18	310	271	(98)	(102)	71
— Phase III West	96	72	(43)	(125)	(96)	110	91	(62)	(105)	(76)
<b>Total</b>	1,919	1,602	(547)	(548)	507	2,002	1,705	(595)	(499)	611
Year-on-year change						+4%	+6%	+9%	-9%	+20%
Corporate results:										
Bank deposits interest income					31					27
Interest income from loans made by the Group to a JV company					57					9
Other income					3					1
General and administrative expenses and depreciation					(39)					(40)
Finance costs					(24)					(4)
Income tax expense					(9)					(1)
<b>Sub-total</b>					19					(8)
<b>Profit before net exchange gain/(loss) (after deduction of related income tax)</b>					526					603
Year-on-year change										15%
Net exchange gain/(loss) (after deduction of related income tax)					4					(82)
<b>Profit for the year</b>					530					521
Profit attributable to non-controlling interests					(10)					(10)
<b>Profit attributable to owners of the Company</b>					520					511
Year-on-year change										-2%

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



The Group's share of the aggregate net toll revenue of its expressway projects increased by 4% from RMB1,919 million to RMB2,002 million in FY16. The GS Superhighway's growth momentum has persisted since the second half of FY15, with net toll revenue increasing by 3% as the diversion impact from the full opening of the Coastal Expressway on 28 December 2013 was fully realised in 2014. The Western Delta Route continued to record healthy toll revenue growth, with a 8% increase in net toll revenue to RMB522 million. However, toll revenue of Phase II West only grew by 6% from RMB292 million to RMB310 million. This was mainly due to the upgrading work of Shunde to Zhongshan section of National Highway 105, which runs parallel to Ronggui interchange to Zhongshanxi interchange of Phase II West, was completed in October 2014. The traffic on National Highway 105 became smoother and diverted traffic away from Phase II West. Yet, toll growth of Phase II West rebounded since November 2015, one year after the completion of upgrading work. GS Superhighway, Phase I West, Phase II West and Phase III West contributed 74% (RMB1,480 million), 5% (RMB102 million), 15% (RMB310 million) and 6% (RMB110 million) respectively to the Group's share of aggregate net toll revenues.

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

Given healthy core operation, the Group's share of the aggregate EBITDA of toll expressways (excluding exchange differences on the GS Superhighway JV's US Dollar and HK Dollar loans as well as the related income tax) increased by 6% from RMB1,602 million to RMB1,705 million. The rise in the Western Delta Route's toll revenue led to a 13% EBITDA growth from RMB393 million to RMB443 million. Phase III West recorded a strong EBITDA growth of 27% from RMB72 million to RMB91 million given that RMB5 million one-off expenses had been incurred for finalising its project cost during the first half of FY15.

The Group's share of depreciation and amortisation charges of the GS Superhighway JV increased by 5% from RMB394 million to RMB414 million as a result of resuming growth in its full-length equivalent traffic and additional improvement works completed. With healthy growth in full-length equivalent traffic of the Western Delta Route, its depreciation and amortisation charges also increased. Hence, the Group's share of aggregate depreciation and amortisation charges increased by 9% to RMB595 million.

Phase II West's new financial plan was completed during the first half of FY16. The increase in registered capital in Phase II West totalling approximately RMB636 million had been completed. Together with the additional project bank loan raised by the West Route JV in October 2015, the remaining shareholder's loan advanced by the Group to the West Route JV as interim financing for Phase II West was repaid. Thus, the interest expenses of Phase II West fell.

In June 2016, the West Route JV had also successfully negotiated and entered into agreement with the bank to lower the lending rate of Phase I West's bank loan with outstanding principal of RMB539 million (JV level) by 10% to 4.635%. Moreover, a series of People's Bank of China's lending rate cuts for RMB loan announced on 21 November 2014, 28 February 2015, 10 May 2015, 27 June 2015, 25 August 2015 and 23 October 2015 benefited the West Route JV by lowering its finance costs.

The EIT rate applicable for both the GS Superhighway and Phase I West is 25% since 2012 and until the expiry of their contractual operation periods. Phase II West's applicable EIT rate from 2013 to 2015 was 12.5%, and it rises to 25% from 2016 until the expiry of its contractual toll collection period. Phase III West was exempted from EIT from 2013 to 2015. Its applicable rate from 2016 to 2018 is 12.5%, and it will rise to 25% from 2019 until the expiry of its contractual toll collection period.

The increase in the GS Superhighway's net toll revenue was partly offset by the increased depreciation and amortisation charges, leading to a 4% increase in its net profit to RMB571 million. Due to continuous growth in toll and traffic, as well as the PBOC lending rate cuts, the Western Delta Route first turned profitable in FY16 and recorded a net profit of RMB40 million during FY16, compared to a net loss of RMB40 million of the last corresponding year as shared by the Group. Net loss of Phase III West was reduced from RMB96 million to RMB76 million. Overall, the aggregate net profit of the four projects (excluding exchange differences on the GS Superhighway JV's US Dollar and HK Dollar loans as well as the related income tax) increased by 20%, from RMB507 million to RMB611 million.

The Company repaid the RMB500 million corporate bank loan matured in May 2015 (a RMB1,600 million loan facility agreement signed in May 2012 of which RMB1,000 million was drawn and RMB500 million had been prepaid in June 2013), resulting in a decrease in finance costs from RMB24 million to RMB4 million during FY16. On the other hand, following the full repayment by the West Route JV in October 2015, the shareholder's loan advanced by the Group to the West Route JV as interim financing for Phase II West decreased by RMB212 million and RMB788 million during the second half of FY15 and the first half of FY16 respectively, reducing the Group's interest income. Thus, the Group's total interest income (including that on bank deposits and shareholder's loan advanced to the West Route JV) decreased from RMB88 million to RMB36 million during FY16. Given the drop in finance costs was offset by the fall in total interest income, the net interest income at corporate level decreased from RMB64 million to RMB32 million, resulting in a drop in profit from RMB19 million to a loss of RMB8 million at the corporate level.

The Group's profit before net exchange gain or loss (after deduction of the related income tax) increased by 15%, from RMB526 million to RMB603 million during FY16. This was mainly attributable to the increase in net profit of the four expressway projects offsetting the fall in net interest income at corporate level. However, due to the depreciation of RMB during FY16, the Group recorded share of net exchange loss on the GS Superhighway JV's US Dollar and HK Dollar loans of RMB60 million and RMB22 million in the first half and second half of FY16 respectively. Overall, core operation growth of toll expressways was mainly offset by the net exchange loss on the GS Superhighway JV's loans denominated in US Dollars and HK Dollars. As a result, the profit attributable to owners of the Company decreased by 2% from RMB520 million to RMB511 million.

FY16 was a challenging year to the Group, with the sudden depreciation in RMB exchange rate in August 2015 and the first US interest rate rise in December 2015 since 2006 impacting the GS Superhighway JV's US Dollar and HK Dollar loans. For every 1% depreciation in RMB, HHI's net profit will drop by approximately RMB10 million. Nevertheless, the Company remains positive on the future performance of the Group, given HHI's net profit growth is supported by (i) the persistent growth momentum of the GS Superhighway; (ii) a series of PBOC's lending rate cuts for RMB loan since November 2014 benefits the West Route JV by lowering its finance costs, which will be reduced by approximately RMB40 million (HHI's share) for every 1% lending rate cut. The Group's share of interest expenses of the West Route JV is expected to be saved by approximately RMB58 million and RMB61 million in FY17 and FY18 respectively; (iii) the Western Delta Route first turned profitable in FY16 given healthy net toll revenue growth and PBOC lending rate cuts. EBITDA (JV level) increased to approximately RMB886 million in FY16 and it is targeted to increase by approximately RMB100 million per year until the HZM Bridge opens in 2018; (iv) Phase II West's new financial plan was completed, reducing its debt and interest expenses; (v) interest expenses of the Phase I West has been reduced by 10% upon agreement with the bank effective from June 2016; and (vi) interest expenses of the West Route JV has been further lowered after utilising its surplus cash on hand to prepay all bank loan principal of RMB261 million (JV level) due in 2016 by December 2015 and over 80% or RMB323 million out of RMB373 million (JV level) due in 2017 before 11 August 2016. Moreover, no further capital expenditure is needed from the Group in respect of the Western Delta Route, which is financially self-sufficient until at least 2020. The Company believes that HHI's net profit for FY17 will be supported by the healthy core operations of the GS Superhighway and the Western Delta Route. Strong financial position with net cash at HHI corporate level of RMB652 million as at 30 June 2016 and steady dividends from the GS Superhighway JV provide solid bases for strong dividend.

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

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

### HHI Corporate Level

	30 June 2015	30 June 2016		30 June 2015	30 June 2016
	RMB million	RMB million		RMB million	RMB million
Bank balances and cash	574	652	HKD bank loan	237	-
The Group's shareholder's loan to JV company <sup>Note 1</sup>	788	-	Other liabilities	13	7
Other assets	32	6			
	1,394	658		250	7
			Net assets value of HHI corporate	1,144	651

### Share of JV Companies

#### GS Superhighway JV (HHI's shared portion)

	30 June 2015	30 June 2016		30 June 2015	30 June 2016
	RMB million	RMB million		RMB million	RMB million
Bank balances and cash	143	212	Bank loans		
Concession intangible assets	5,600	5,239	- USD	1,182	1,248
Property & equipment	214	212	- HKD	158	155
Other assets	78	43	Other liabilities	720	665
	6,035	5,706		2,060	2,068
			Net assets value of GS Superhighway JV	3,975	3,638

#### West Route JV (HHI's shared portion)

	30 June 2015	30 June 2016		30 June 2015	30 June 2016
	RMB million	RMB million		RMB million	RMB million
Bank balances and cash	130	50	Bank loans	4,028	4,028
Concession intangible assets	6,555	6,392	Shareholder's loan from the Group <sup>Note 1</sup>	394	-
Property & equipment	259	253	Other liabilities	365	253
Other assets	23	16			
	6,967	6,711		4,787	4,281
			Net assets value of West Route JV	2,180	2,430
	30 June 2015	30 June 2016		30 June 2015	30 June 2016
	RMB million	RMB million		RMB million	RMB million
			<b>Total liabilities</b>	7,097	6,356
			Equity attributable to owners of the Company	7,247	6,673
			Non-controlling interests	52	46
<b>Total Assets</b> <sup>Note 2</sup>	14,396	13,075	<b>Total Equity &amp; Liabilities</b>	14,396	13,075
			<b>Total net assets</b>	7,299	6,719

Note 1: The Group's shareholder's loan was made to the West Route JV for Phase II West as interim financing due to inability of the West Route JV to borrow from PRC banks for Phase II West before the official approval for its increased investment. The shareholder's loan was fully repaid by the first half of FY16.

Note 2: Before elimination of the Group's proportionate share of the shareholder's loan to JV company and corresponding shareholder's loan interest receivable, and balance with JV company prepared under proportionate consolidation method.

## Sound Financial Plan

Financial positions of the JV companies have been strengthened by (i) loan rescheduling of the GS Superhighway and Phase I West and (ii) Phase II West's new financial plan, which helped to reduce the West Route JV's debt and resulted in the full repayment of RMB682 million of net shareholder's loan to the Group by October 2015. Hence, no further capital expenditure is required from the Group in respect of the West Route JV, which is financially self-sufficient until at least 2020.

### *GS Superhighway's loans rescheduling*

During the first half of FY16, the GS Superhighway JV entered into agreement with the banks to extend the maturity dates of the existing US Dollar loans (USD403 million) and HK Dollar loan (HKD417 million) by six years from 2018 and 2019 to 2025. The loan rescheduling has helped accelerate the dividend distributions by the GS Superhighway JV to the Group and further enhance the Group's liquidity. During FY16, the Group received dividends from the GS Superhighway JV totalling RMB823 million (FY15: RMB630 million).

### *Phase I West's loan rescheduling*

For the purpose of improving financing flexibility, the West Route JV entered into agreement with the bank to extend the maturity date of Phase I West's bank loan amounting to RMB569 million by five years from 2019 to 2024 during the first half of FY16.

### *GS Superhighway's and Phase I West's loans rescheduling*

JV Level	Bank Loan			New Maturity	Fall in principal repayment/year CY2015-CY2019
	Amount for Rescheduling	As at 30 Jun 2016	Original Maturity		
GS Superhighway	USD403 million; HKD417 million	USD392 million; HKD377 million	CY2018 & CY2019	CY2025	RMB471 million equivalent
Phase I West	RMB569 million	RMB539 million	CY2019	CY2024	RMB102 million

### *Phase II West's new financial plan*

The total investment of Phase II West is RMB7,080 million and it is funded mainly by registered capital and banking facilities. Under the new capital regulations, application for increasing investment in Phase II West can now be processed at the provincial level instead of the national level, resulting in the acceleration of the approval process.

Phase II West’s new financial plan was completed during the first half of FY16 and by October 2015, the Group had received full repayment of the net shareholder’s loan of RMB682 million advanced by it to the West Route JV previously. Under such plan, a total of approximately RMB636 million of additional registered capital was injected into the West Route JV by the Group and the PRC JV partner on a 50:50 basis in three tranches, with a total of RMB212 million injected in each tranche. Besides, additional project bank loans of approximately RMB615 million was borrowed by the West Route JV. The total additional registered capital of RMB318 million injected by the Group was provided by capitalising an equivalent amount from the RMB1,000 million shareholder’s loan advanced by it. In other words, the West Route JV converted the debt into equity upon completion of additional registered capital injection. Subsequently, the West Route JV used the funds obtained from the additional registered capital from the PRC JV partner and project bank loans to repay the remaining shareholder’s loan of RMB682 million provided by the Group, and to settle the outstanding project payments of not more than RMB251 million. The three tranches of additional registered capital injection were completed by September 2015. Also, full repayment and the receipt of remaining shareholder’s loan advanced by the Group to the West Route JV were completed after additional project bank loan of RMB500 million, out of the RMB615 million banking facility, was drawn by the West Route JV in October 2015.

Not only had the new financial plan of Phase II West reduced debt and interest expense, but it also improved the Group’s liquidity and the West Route JV’s financial position. Besides, the Group no longer needs to inject shareholder’s loan into Phase II West.

#### Phase II West’s new financial plan — Completed

Loan		Funded by		Net shareholder’s loan repayment to HHI RMB682m received by October 2015 (fully repaid)
(JV level)	RMB million	(JV level)	RMB million	
HHI Shareholder’s loan	↑ 1,000	HHI’s new registered capital	↑ 318	
Outstanding project Payments	251	PRC JV partner’s new registered capital	318	
		New project bank loans	615	
	1,251		1,251	

### ***Phase III West's financing***

The planned total investments for Phase III West decreased from RMB6,150 million to RMB5,980 million, mainly due to the saving of land costs. The project is adequately funded by registered capital, available banking facilities, shareholder's loans and cash flow from operation by the West Route JV. The Group contributed the full amount of registered capital (RMB980 million in aggregate) and advanced shareholder's loan totalling RMB530 million to the West Route JV as interim financing for Phase III West. Such shareholder's loan had been fully repaid by the West Route JV. As at 30 June 2016, the estimated outstanding project payments for Phase III West amounted to not more than RMB119 million (based on the planned total investment of RMB5,980 million), which will be sufficiently funded by the available PRC project bank loan and the cash flow from operation by the West Route JV. Besides, the Group and the PRC JV partner no longer need to inject shareholder's loan into Phase III West. Hence, no further capital expenditure is needed from the Group in respect of the Western Delta Route.

### **Liquidity and Financial Resources**

The Group's debt balance comprised of the Group's bank loans, and its share of the non-recourse project loans of its JV companies. The total debt to assets (including share of total assets of JV companies) ratio and gearing ratio (net debt to equity attributable to owners of the Company) as at 30 June 2016 were shown below. The Group's net cash on hand (excluding JV companies), amounted to RMB652 million. The liquidity of the Group has been further improved after the West Route JV repaid in full the shareholder's loan advanced by the Group in respect of Phase II West in addition to the completion of the loans rescheduling of the GS Superhighway JV, both of which were completed in first half of FY16.

### ***HHI Corporate Level***

	30 June 2015	<b>30 June 2016</b>		30 June 2015	<b>30 June 2016</b>
	RMB million	<b>RMB million</b>		RMB million	<b>RMB million</b>
<b>Bank balances and cash and shareholder's loan to JV company</b>			<b>Corporate debt</b>		
- Bank balances and cash	574	<b>652</b>	- HKD bank loans	237	-
- Shareholder's loan receivable from JV Company <sup>Note 1</sup>	788	-			
• By HHI	576	-			
• For HHI's registered capital injection in Phase II West	212	-			
	Fully repaid by Phase II West				
	<b>1,362</b>	<b>652</b>		<b>237</b>	<b>-</b>
	Net cash <sup>Note 2</sup> : RMB652 million (30 June 2015: RMB337 million)				

## Share of JV Companies

	30 June 2015	30 June 2016		30 June 2015	30 June 2016
	RMB million	RMB million		RMB million	RMB million
<b>Bank balances and cash</b>			<b>Bank loans and shareholder's loan</b>		
- Bank balances and cash	273	262	- GS Superhighway	1,340	1,403
			- Western Delta Route	4,422	4,028
			<i>Phase I West</i>	288	270
			<i>Phase II West</i>	2,196 <sup>Note 3</sup>	1,813
			<i>Phase III West</i>	1,938	1,945
	273	262		5,762	5,431
Net debt <sup>Note 2</sup> : RMB5,169million (30 June 2015: RMB5,489million)					

Note 1: The Group's shareholder's loan was made to the West Route JV for Phase II West as interim financing due to inability of the West Route JV to borrow from PRC banks for Phase II West before the official approval for its increased investment

Note 2: Bank balances and cash less debt

Note 3: Including shareholder's loan to Phase II West shared by the Group amounting to RMB394 million

	30 June 2015	30 June 2016
	RMB million	RMB million
Total debt		
- Company and subsidiaries	237	-
- Share of JV companies <sup>Note 1</sup>	5,747	5,809
Net debt <sup>Note 2</sup>	5,137	4,895
Total assets (including share of JV companies' total assets) <sup>Note 3</sup>	14,299	13,447
Equity attributable to owners of the Company	7,247	6,673
Total debt/total assets ratio	42%	43%
Gearing ratio	71%	73%

Note 1: The Group's share of JV companies' debt is defined as bank and other loans together with balance with JV partner but excluding the shareholder's loan to Phase II West shared by the Group.

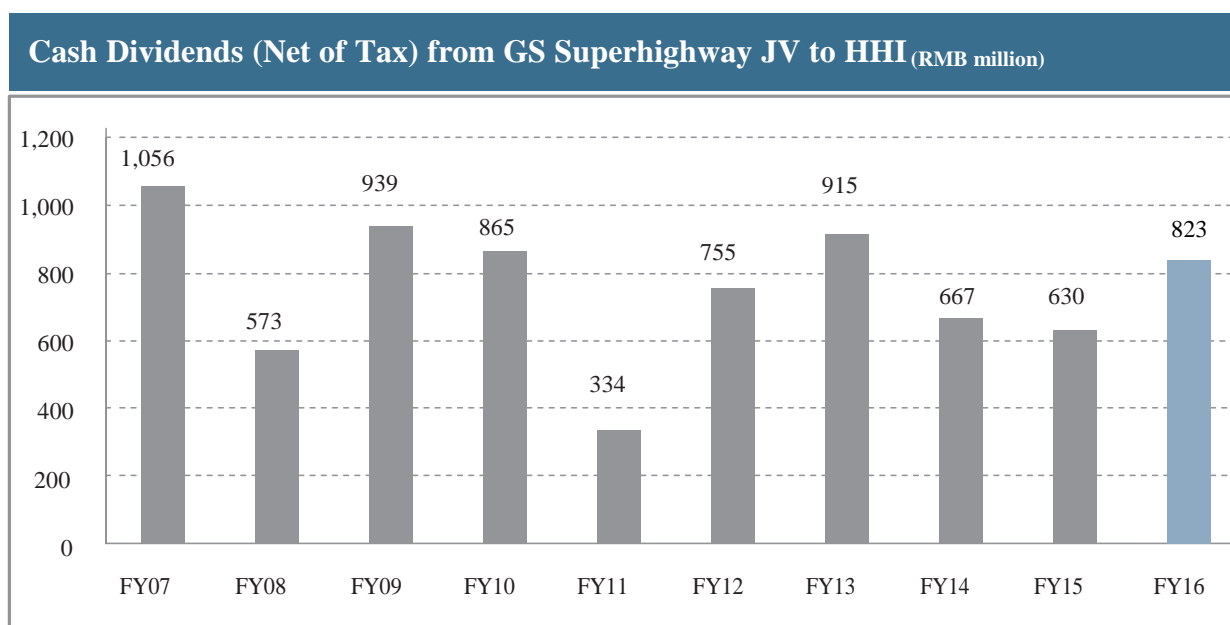
Note 2: Net debt is defined as total debt (including share of JV companies) less total bank balances and cash (including share of JV companies).

Note 3: Concession values are not marked to market but are booked at historical cost less depreciation.



The major source of the Group's cash inflow during FY16 was dividends received from the GS Superhighway JV. On the other hand, its major cash outflow was the payment of dividends to the Company's shareholders. The Group will continue to optimise its balance sheet, improve its cash flow and strengthen its financial position.

The Group enjoys a strong and solid financial position. As at 30 June 2016, the Group's bank balances and cash on hand (excluding JV companies) amounted to RMB652 million (30 June 2015: RMB574 million), or RMB0.21 per share (30 June 2015: RMB0.19 per share). After netting off the Group's bank loans (30 June 2016: Nil; 30 June 2015: RMB237 million), the Group's net cash on hand (excluding JV companies) amounted to RMB652 million (30 June 2015: RMB337 million) or RMB0.21 per share (30 June 2015: RMB0.11 per share). As at 30 June 2016, the net cash on hand of RMB652 million, together with available banking facilities of RMB428 million and stable cash dividends from the GS Superhighway JV will provide sufficient financial resources for its operations and potential investments.



As at 30 June 2016, 99.9% (30 June 2015: 99.8%) of the Group's bank balances and cash (excluding JV companies) on hand were denominated in RMB and 0.1% (30 June 2015: 0.2%) in HK Dollars. The bank balances and cash on hand of the JV companies shared by the Group amounted to RMB262 million (30 June 2015: RMB273 million). The Group received cash dividends from the GS Superhighway JV of RMB823 million during FY16. The reduction in the cash dividends during FY08 and FY11 was mainly brought about by the repatriation of registered capital by the GS Superhighway JV to the Group and the intercompany borrowings provided by the GS Superhighway JV to the West Route JV in respect of Phase II West respectively. Cash dividends from the GS Superhighway JV were restored to their normal levels since FY12. Cash dividends increased during FY13 as a result of the full repayment of intercompany borrowings by the West Route JV in respect of Phase II West to the GS Superhighway JV in December 2012, and

the GS Superhighway JV's distribution of a dividend of RMB351 million to the Group out of these funds. In August 2016, the GS Superhighway JV has entered into agreement with the bank for an additional 8-year bank loan facility amounting to RMB2 billion to reimburse past capital expenditure funded by its shareholders, which has strengthened HHI's financial position. As of 30 June 2016, the after-tax cash dividends receivable from the GS Superhighway JV to HHI amounted to approximately RMB1.6 billion. The cash dividends received and receivable from the GS Superhighway JV provide sufficient financial resources for the Group's operations and potential investments.

In view of its current operating cash flow and strong financial position with net cash of RMB652 million at corporate level and dividends from the GS Superhighway JV to the Group, the Board believes that the Group's target payout ratio of approximately 100% on a full-year basis is sustainable.

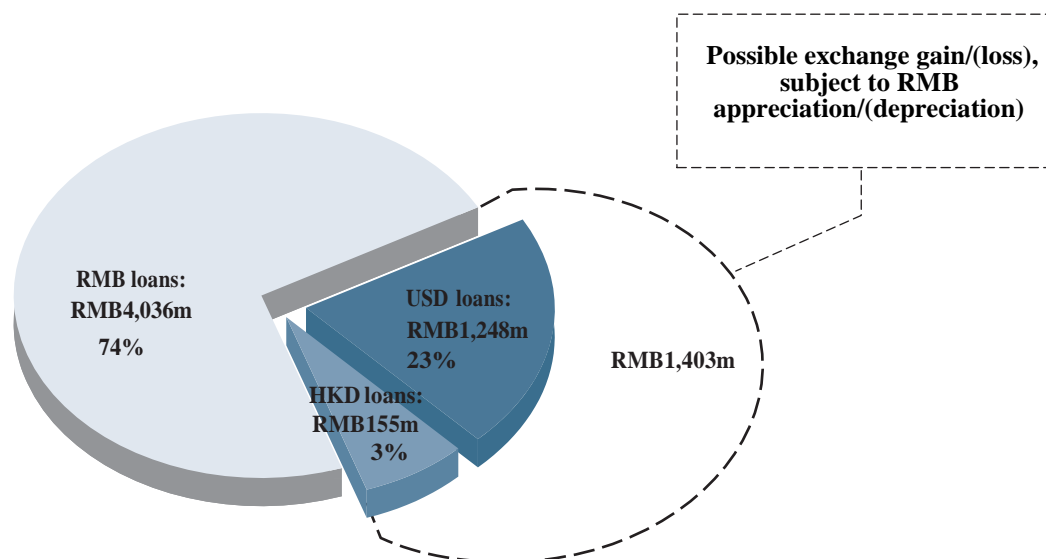
### **Bank and Other Borrowings**

As at 30 June 2016, total bank and other borrowings of the JV companies shared by the Group (including US Dollar bank loans of equivalent to RMB1,248 million, HK Dollar bank loan of equivalent to RMB155 million, RMB bank loans of RMB4,028 million and RMB other borrowing of RMB8 million), amounted to approximately RMB5,439 million (30 June 2015: RMB5,612 million) with the following profile:

- (a) 99.9% (30 June 2015: 99.9%) consisted of bank loans and 0.1% (30 June 2015: 0.1%) of other loan; and
- (b) 74% (30 June 2015: 72%) was denominated in RMB; 23% (30 June 2015: 21%) was denominated in US Dollar and 3% (30 June 2015: 7%) was denominated in HK Dollar. The Group may incur exchange gain or loss from the US Dollar and HK Dollar loans subject to RMB appreciation or depreciation.

## HHI's Share<sup>Note 1</sup>

(as at 30 June 2016)



Note 1: Represent HHI's share of JVs' bank loans of RMB5,431 million and other borrowings of RMB8 million.

## Debt Maturity Profile

As at 30 June 2016, the maturity profile of the bank and other borrowings of the JV companies shared by the Group (excluding shareholder's loan), together with the Group's bank loans, were shown below, together with the corresponding figures as at 30 June 2015:

### HHI Corporate Level

	30 June 2015		30 June 2016	
	RMB million	%	RMB million	%
Repayable within 1 year	237	100%	-	-

### Share of JV Companies

	30 June 2015		30 June 2016 <sup>Note 1</sup>		Proforma 30 June 2016 <sup>Note 2</sup>	
	RMB million	%	RMB million	%	RMB million	%
Repayable within 1 year	365	7%	65	1%	125	2%
Repayable between 1 and 5 years	2,181	40%	1,521	28%	2,000	31%
Repayable beyond 5 years	2,829	53%	3,853	71%	4,274	67%
	5,375	100%	5,439	100%	6,399	100%

Note 1: During FY16, the West Route JV had made use of surplus cash on hand to prepay bank loans due in 2017 amounting to RMB290 million.

Note 2: Upon drawing of additional RMB2 billion bank loan facility by the GS Superhighway JV.

As at 30 June 2016, 71% (30 June 2015: 53%) of the bank loans and other borrowings of the JV companies shared by the Group (excluding shareholder's loans) were repayable beyond 5 years. The increase is attributable to the completion of loan rescheduling of the GS Superhighway JV and the West Route JV in respect of Phase I West. Thus the risk of refinancing the bank loans and other borrowings will continue to remain relatively low.

### **Interest Rate and Exchange Rate Exposure**

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

### **Treasury Policies**

The Group continues to adopt prudent and conservative treasury policies in its financial and funding management. Its liquidity and financial resources are reviewed on a regular basis, with a view to minimising its funding costs and enhancing return on its financial assets. Most of the Group's cash is placed in deposits denominated in RMB. Holding RMB suits the Group's PRC-based operations, and it can earn higher interest income from RMB deposits than HK Dollar deposits. The percentage of cash the Group held as RMB bank deposits was 99.9% as at 30 June 2016. The Group's overall treasury yield on bank deposits was 3.3% during FY16, compared to 3.57% of FY15. The Group will continue to strengthen its treasury management and evaluate the options available for improving the yields on its substantial cash-deposit portfolio.

### **Pledge of Assets**

As at 30 June 2016, the Group's JV companies pledged certain assets to banks in order to secure the banking facilities granted to them. The carrying amounts of these assets shared by the Group were as follows:

	30 June 2015	30 June 2016
	RMB million	RMB million
Concession intangible assets	5,188	<b>4,855</b>
Property and equipment	214	<b>213</b>
Inventories	1	<b>1</b>
Interest and other receivables	76	<b>40</b>
Bank balances and deposits	257	<b>252</b>
	5,736	<b>5,361</b>

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

### **Contingent Liabilities**

As at 30 June 2016, the Group had no material contingent liabilities.

### **Material Acquisition or Disposal**

The Company's subsidiaries and associated companies did not make any material acquisitions or disposals during FY16.

## **OTHER INFORMATION**

### **Review of Annual Results**

The Audit Committee of the Company had reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed the financial reporting matters, including the Group's annual results for the year ended 30 June 2016.

### **Scope of Work of the Company's auditor in respect of the Preliminary Announcement**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

### **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 2016.

### **Corporate Governance Practices**

Throughout the year ended 30 June 2016, 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 the case of Independent Non-executive Director, the independence requirements set out in the Listing Rules from time to time. Nomination of new Director(s) will normally be made by the Chairman and/or the Managing Director and subject to the Board's approval. External consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

***Code Provision A.5.6***

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

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 30 June 2016

	NOTES	2015 RMB'000	2016 RMB'000	2015 HK\$'000 (FOR INFORMATION PURPOSE ONLY)	2016 HK\$'000
Other income and other expense	4	89,888	<b>39,543</b>	112,749	<b>48,221</b>
Depreciation		(139)	<b>(190)</b>	(174)	<b>(229)</b>
General and administrative expenses		(39,169)	<b>(40,161)</b>	(49,038)	<b>(48,475)</b>
Finance costs	5	(24,134)	<b>(3,793)</b>	(30,257)	<b>(4,617)</b>
Share of results of joint ventures	6	545,396	<b>556,178</b>	683,847	<b>669,260</b>
Profit before tax		571,842	<b>551,577</b>	717,127	<b>664,160</b>
Income tax expense	7	(42,081)	<b>(31,086)</b>	(52,758)	<b>(37,441)</b>
Profit for the year	8	529,761	<b>520,491</b>	664,369	<b>626,719</b>
Other comprehensive income (expense)					
Item that will not be reclassified to profit or loss:					
Exchange gain (loss) arising on translation to presentation currency		-	-	11,183	<b>(599,864)</b>
Item that may be reclassified subsequently to profit or loss:					
Exchange gain (loss) arising on translation of foreign operations		104	<b>(13,581)</b>	-	-
Total comprehensive income for the year		529,865	<b>506,910</b>	675,552	<b>26,855</b>
Profit for the year attributable to:					
Owners of the Company		519,644	<b>511,332</b>	651,686	<b>615,702</b>
Non-controlling interests		10,117	<b>9,159</b>	12,683	<b>11,017</b>
		529,761	<b>520,491</b>	664,369	<b>626,719</b>
Total comprehensive income attributable to:					
Owners of the Company		519,748	<b>497,751</b>	662,875	<b>19,845</b>
Non-controlling interests		10,117	<b>9,159</b>	12,677	<b>7,010</b>
		529,865	<b>506,910</b>	675,552	<b>26,855</b>
Earnings per share	10	RMB cents	<b>RMB cents</b>	HK cents	<b>HK cents</b>
Basic and diluted		16.86	<b>16.59</b>	21.15	<b>19.98</b>



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	2015 RMB'000	2016 RMB'000	2015 HK\$'000 (FOR INFORMATION PURPOSE ONLY)	2016 HK\$'000
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Interests in joint ventures	6,203,147	<b>6,176,025</b>	7,753,934	<b>7,207,421</b>
Investment	4,785	<b>4,785</b>	5,982	<b>5,585</b>
Property and equipment	261	<b>473</b>	326	<b>552</b>
	<u>6,208,193</u>	<u><b>6,181,283</b></u>	<u>7,760,242</u>	<u><b>7,213,558</b></u>
<b>Current Assets</b>				
Deposits and prepayments	1,306	<b>691</b>	1,632	<b>806</b>
Dividend and other receivables	88,132	<b>19,675</b>	110,166	<b>22,960</b>
Loans to a joint venture	788,000	-	985,000	-
Interest receivable from a joint venture	25,498	-	31,872	-
Bank balances and cash	574,012	<b>652,435</b>	717,514	<b>761,392</b>
	<u>1,476,948</u>	<u><b>672,801</b></u>	<u>1,846,184</u>	<u><b>785,158</b></u>
<b>Total Assets</b>	<u>7,685,141</u>	<u><b>6,854,084</b></u>	<u>9,606,426</u>	<u><b>7,998,716</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	270,603	<b>270,603</b>	308,169	<b>308,169</b>
Share premium and reserves	6,976,694	<b>6,402,017</b>	8,750,952	<b>7,478,779</b>
Equity attributable to owners of the Company	7,247,297	<b>6,672,620</b>	9,059,121	<b>7,786,948</b>
Non-controlling interests	51,797	<b>46,554</b>	64,746	<b>54,328</b>
<b>Total Equity</b>	<u>7,299,094</u>	<u><b>6,719,174</b></u>	<u>9,123,867</u>	<u><b>7,841,276</b></u>
<b>Non-current Liability</b>				
Deferred tax liability	137,335	<b>127,412</b>	171,668	<b>148,690</b>
<b>Current Liabilities</b>				
Payables and accruals	8,815	<b>7,498</b>	11,019	<b>8,750</b>
Bank loans	236,560	-	295,700	-
Tax liabilities	3,337	-	4,172	-
	<u>248,712</u>	<u><b>7,498</b></u>	<u>310,891</u>	<u><b>8,750</b></u>
<b>Total Liabilities</b>	<u>386,047</u>	<u><b>134,910</b></u>	<u>482,559</u>	<u><b>157,440</b></u>
<b>Total Equity and Liabilities</b>	<u>7,685,141</u>	<u><b>6,854,084</b></u>	<u>9,606,426</u>	<u><b>7,998,716</b></u>
<b>Cash and cash equivalents</b>	<u>574,012</u>	<u><b>652,435</b></u>	<u>717,514</u>	<u><b>761,392</b></u>

## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2016

### 1. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period.

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

The Company's functional currency and presentation currency are Renminbi ("RMB"). The presentation of Hong Kong Dollar ("HKD") amounts in these consolidated financial statements is for information purpose only.

### 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

#### Application of new and revised IFRSs

No new or revised IFRSs issued by the International Accounting Standards Board that are applied by the Group for the first time in the current year that has 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.

#### News and revised IFRSs in issue but not yet effective

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

IFRSs (Amendments)	Annual Improvements to IFRSs 2012 - 2014 Cycle <sup>1</sup>
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions <sup>3</sup>
IFRS 9	Financial Instruments <sup>3</sup>
IFRS 10, IFRS 12 and IAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception <sup>1</sup>
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
IFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations <sup>1</sup>
IFRS 15	Revenue from Contracts with Customers <sup>3</sup>
IFRS 15 (Amendments)	Classifications to IFRS 15 Revenue from Contracts with Customers <sup>3</sup>
IFRS 16	Leases <sup>4</sup>
IAS 1 (Amendments)	Disclosure Initiative <sup>1</sup>
IAS 7 (Amendments)	Disclosure Initiative <sup>2</sup>
IAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses <sup>2</sup>

IAS 16 and IAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
IAS 16 and IAS 41 (Amendments)	Agriculture: Bearer Plants <sup>1</sup>
IAS 27 (Amendments)	Equity Method in Separate Financial Statements <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>5</sup> Effective for annual periods beginning on or after a date to be determined

## **IFRS 9 Financial Instruments**

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' measurement category for certain simple debt instruments.

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

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

IAS 38 (Amendments) introduce a rebuttable presumption that the revenue is not appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- (a) when the intangible asset is expressed as a measure of revenue; or
- (b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. The amendments are not expected to have any material impact on the financial position or performance of the Group upon adoption on 1 July 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

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

### 3. 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")
- Phase I of the Western Delta Route ("Phase I West")
- Phase II of the Western Delta Route ("Phase II West")
- Phase III of the Western Delta Route ("Phase III West")

Information regarding the above segments is reported below.

#### Segment revenue and results

	2015					2016				
	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	1,438,254	1,208,937	(393,475)	(268,297)	547,165	1,479,816	1,261,771	(414,320)	(276,685)	570,766
Western Delta Route	480,691	393,548	(153,291)	(279,904)	(39,647)	522,108	442,905	(181,722)	(221,257)	39,926
- Phase I West	92,959	72,872	(18,419)	(16,400)	38,053	101,863	80,981	(21,295)	(14,243)	45,443
- Phase II West	292,195	248,831	(91,725)	(139,039)	18,067	310,614	270,802	(98,279)	(101,716)	70,807
- Phase III West	95,537	71,845	(43,147)	(124,465)	(95,767)	109,631	91,122	(62,148)	(105,298)	(76,324)
<b>Total</b>	<b>1,918,945</b>	<b>1,602,485</b>	<b>(546,766)</b>	<b>(548,201)</b>	<b>507,518</b>	<b>2,001,924</b>	<b>1,704,676</b>	<b>(596,042)</b>	<b>(497,942)</b>	<b>610,692</b>
Corporate interest income from bank deposits					31,390					26,869
Corporate interest income from loans made by the Group to a joint venture					56,931					9,166
Other income					2,562					1,179
Corporate general and administrative expenses and depreciation				(39,308)						(40,351)
Corporate finance costs				(24,134)						(3,793)
Corporate income tax expense				(8,934)						(1,244)
Net exchange gain (loss) (net of related income tax) (Note)					3,736					(82,027)
Profit for the year					529,761					520,491
Profit for the year attributable to non-controlling interests					(10,117)					(9,159)
Profit for the year attributable to owners of the Company					519,644					511,332

Note: Net exchange gain (loss) (net of related income tax) is composed of the Group's share of the exchange loss (net of related income tax) of a joint venture of RMB84,356,000 (2015: exchange gain (net of related income tax) of RMB4,731,000) and the net exchange gain of the Group of RMB 2,329,000 (2015: net exchange loss of RMB995,000).

## (FOR INFORMATION PURPOSE ONLY)

	2015					2016				
	Segment revenue HK\$'000	EBITDA HK\$'000	Depreciation and amortisation HK\$'000	Interest and tax HK\$'000	Segment results HK\$'000	Segment revenue HK\$'000	EBITDA HK\$'000	Depreciation and amortisation HK\$'000	Interest and tax HK\$'000	Segment results HK\$'000
GS Superhighway	1,802,971	1,515,371	(493,191)	(336,337)	685,843	1,779,673	1,517,226	(498,181)	(332,801)	686,244
Western Delta Route	602,635	493,394	(192,139)	(350,847)	(49,592)	627,777	532,621	(218,068)	(266,428)	48,125
- Phase I West	116,534	91,354	(23,086)	(20,552)	47,716	122,494	97,400	(25,592)	(17,140)	54,668
- Phase II West	366,342	312,001	(114,974)	(174,295)	22,732	373,474	325,666	(118,154)	(122,521)	84,991
- Phase III West	119,759	90,039	(54,079)	(156,000)	(120,040)	131,809	109,555	(74,322)	(126,767)	(91,534)
Total	<u>2,405,606</u>	<u>2,008,765</u>	<u>(685,330)</u>	<u>(687,184)</u>	636,251	<u>2,407,450</u>	<u>2,049,847</u>	<u>(716,249)</u>	<u>(599,229)</u>	<u>734,369</u>
Corporate interest income from bank deposits					39,361					32,566
Corporate interest income from loans made by the Group to a joint venture					71,388					11,348
Other income					3,223					1,448
Corporate general and administrative expenses and depreciation					(49,212)					(48,704)
Corporate finance costs					(30,257)					(4,617)
Corporate income tax expense					(11,204)					(1,539)
Net exchange gain (loss) (net of related income tax) (Note)					4,819					(98,152)
Profit for the year					664,369					626,719
Profit for the year attributable to non-controlling interests					(12,683)					(11,017)
Profit for the year attributable to owners of the Company					<u>651,686</u>					<u>615,702</u>

Note: Net exchange gain (loss) (net of related income tax) is composed of the Group's share of the exchange loss (net of related income tax) of a joint venture of HK\$101,011,000 (2015: exchange gain (net of related income tax) of HK\$6,042,000) and the net exchange gain of the Group of HK\$2,859,000 (2015: net exchange loss of HK\$1,223,000).

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

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

The segment results represent (i) the Group's share of joint ventures' results from the operations of toll expressways in the PRC before net exchange gain (loss) (net of related income tax) based on the profit-sharing ratios specified in the relevant joint venture agreements, (ii) net of the withholding tax attributed to the dividend received from and the undistributed earnings of a joint venture 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:

	<u>2015</u> RMB'000	<u>2016</u> RMB'000	<u>2015</u> HK\$'000 (FOR INFORMATION PURPOSE ONLY)	<u>2016</u> HK\$'000
Total segment results	507,518	<b>610,692</b>	636,251	<b>734,369</b>
Add:				
Net exchange gain (loss) (net of related income tax)	4,731	<b>(84,356)</b>	6,042	<b>(101,011)</b>
Withholding tax attributed to the dividend received from and the undistributed earnings of a joint venture (Note 7)	<u>33,147</u>	<u><b>29,842</b></u>	<u>41,554</u>	<u><b>35,902</b></u>
Share of results of joint ventures as presented in consolidated statement of profit or loss and other comprehensive income	<u>545,396</u>	<u><b>556,178</b></u>	<u>683,847</u>	<u><b>669,260</b></u>

### 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".

<u>Year</u>	<u>GS</u> <u>Superhighway</u> RMB'000	<u>Phase I</u> <u>West</u> RMB'000	<u>Phase II</u> <u>West</u> RMB'000	<u>Phase III</u> <u>West</u> RMB'000	<u>Segment</u> <u>total</u> RMB'000	<u>Elimination</u> RMB'000	<u>Unallocated</u> RMB'000	<u>Consolidated</u> <u>total</u> RMB'000
2015	<u>2,165</u>	<u>310</u>	<u>750</u>	<u>248</u>	<u>3,473</u>	<u>(3,473)</u>	<u>88,321</u>	<u>88,321</u>
2016	<u>2,603</u>	<u>205</u>	<u>866</u>	<u>207</u>	<u>3,881</u>	<u>(3,881)</u>	<u>36,035</u>	<u>36,035</u>

(FOR INFORMATION PURPOSE ONLY)

<u>Year</u>	<u>GS</u> <u>Superhighway</u> HK\$'000	<u>Phase I</u> <u>West</u> HK\$'000	<u>Phase II</u> <u>West</u> HK\$'000	<u>Phase III</u> <u>West</u> HK\$'000	<u>Segment</u> <u>total</u> HK\$'000	<u>Elimination</u> HK\$'000	<u>Unallocated</u> HK\$'000	<u>Consolidated</u> <u>total</u> HK\$'000
2015	<u>2,712</u>	<u>388</u>	<u>940</u>	<u>311</u>	<u>4,351</u>	<u>(4,351)</u>	<u>110,749</u>	<u>110,749</u>
2016	<u>3,106</u>	<u>243</u>	<u>1,045</u>	<u>247</u>	<u>4,641</u>	<u>(4,641)</u>	<u>43,914</u>	<u>43,914</u>

### 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 RMB473,000 (approximately HK\$552,000) (2015: RMB261,000 (approximately HK\$326,000)) 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.

### 4. OTHER INCOME AND OTHER EXPENSE

	<u>2015</u> RMB'000	<u>2016</u> RMB'000	<u>2015</u> HK\$'000 (FOR INFORMATION PURPOSE ONLY)	<u>2016</u> HK\$'000 (FOR INFORMATION PURPOSE ONLY)
Interest income from:				
Bank deposits	31,390	<b>26,869</b>	39,361	<b>32,566</b>
Loans made by the Group to a joint venture	56,931	<b>9,166</b>	71,388	<b>11,348</b>
Net exchange (loss) gain	(995)	<b>2,329</b>	(1,223)	<b>2,859</b>
Management fee income from joint ventures	1,730	<b>1,164</b>	2,177	<b>1,429</b>
Dividend income from investment	400	-	500	-
Gain on disposal of property and equipment	34	-	43	-
Others	398	<b>15</b>	503	<b>19</b>
	<u>89,888</u>	<u><b>39,543</b></u>	<u>112,749</u>	<u><b>48,221</b></u>

### 5. FINANCE COSTS

	<u>2015</u> RMB'000	<u>2016</u> RMB'000	<u>2015</u> HK\$'000 (FOR INFORMATION PURPOSE ONLY)	<u>2016</u> HK\$'000 (FOR INFORMATION PURPOSE ONLY)
Interests on bank loans	21,422	<b>2,211</b>	26,858	<b>2,693</b>
Other financial expenses	2,712	<b>1,582</b>	3,399	<b>1,924</b>
	<u>24,134</u>	<u><b>3,793</b></u>	<u>30,257</u>	<u><b>4,617</b></u>

## 6. SHARE OF RESULTS OF JOINT VENTURES

	<u>2015</u> RMB'000	<u>2016</u> RMB'000	<u>2015</u> HK\$'000 (FOR INFORMATION PURPOSE ONLY)	<u>2016</u> HK\$'000
Share of results of joint ventures before share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group and amortisation of additional cost of investments in joint ventures	623,164	<b>636,683</b>	781,328	<b>766,064</b>
Amortisation of additional cost of investments in joint ventures	(77,768)	<b>(80,505)</b>	(97,481)	<b>(96,804)</b>
Share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(34,301)	<b>(38,456)</b>	(42,991)	<b>(46,240)</b>
Imputed interest income recognised by the Group on interest-free registered capital contributions made by the Group	<u>34,301</u>	<u><b>38,456</b></u>	<u>42,991</u>	<u><b>46,240</b></u>
	<u>545,396</u>	<u><b>556,178</b></u>	<u>683,847</u>	<u><b>669,260</b></u>

## 7. INCOME TAX EXPENSE

	<u>2015</u> RMB'000	<u>2016</u> RMB'000	<u>2015</u> HK\$'000 (FOR INFORMATION PURPOSE ONLY)	<u>2016</u> HK\$'000
The tax charge comprises:				
PRC Enterprise Income Tax ("EIT")	37,882	<b>41,009</b>	47,456	<b>49,698</b>
Deferred tax	<u>4,199</u>	<u><b>(9,923)</b></u>	<u>5,302</u>	<u><b>(12,257)</b></u>
	<u>42,081</u>	<u><b>31,086</b></u>	<u>52,758</u>	<u><b>37,441</b></u>

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 2016 included an amount of RMB39,765,000 (approximately HK\$48,159,000) (2015: RMB28,948,000 (approximately HK\$36,252,000)) 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:

	<u>2015</u> RMB'000	<u>2016</u> RMB'000	<u>2015</u> HK\$'000 (FOR INFORMATION PURPOSE ONLY)	<u>2016</u> HK\$'000 (FOR INFORMATION PURPOSE ONLY)
Profit before tax	<u>571,842</u>	<u>551,577</u>	<u>717,127</u>	<u>664,160</u>
Tax at normal PRC income tax rate of 25% (2015: 25%)	142,960	<b>137,894</b>	179,282	<b>166,040</b>
Effect of different tax rates on income tax expense	(10,109)	<b>(1,317)</b>	(12,672)	<b>(1,629)</b>
Tax effect of income not taxable for tax purposes	(3,722)	<b>(6,755)</b>	(4,672)	<b>(8,188)</b>
Tax effect of expenses not deductible for tax purposes	16,154	<b>10,467</b>	20,228	<b>12,631</b>
Tax effect of share of results of joint ventures	(136,349)	<b>(139,045)</b>	(170,962)	<b>(167,315)</b>
Deferred tax on undistributed earnings of a joint venture	4,199	<b>(9,923)</b>	5,302	<b>(12,257)</b>
Withholding tax on earnings distributed by a joint venture	<u>28,948</u>	<u>39,765</u>	<u>36,252</u>	<u>48,159</u>
Income tax expense	<u>42,081</u>	<u>31,086</u>	<u>52,758</u>	<u>37,441</u>

## 8. PROFIT FOR THE YEAR

	<u>2015</u> RMB'000	<u>2016</u> RMB'000	<u>2015</u> HK\$'000 (FOR INFORMATION PURPOSE ONLY)	<u>2016</u> HK\$'000 (FOR INFORMATION PURPOSE ONLY)
Profit for the year has been arrived at after charging:				
Auditor's remuneration	1,278	<b>1,325</b>	1,602	<b>1,602</b>
Directors' remuneration	17,639	<b>20,226</b>	22,053	<b>24,344</b>
Other staff costs	<u>13,349</u>	<u>11,202</u>	<u>16,724</u>	<u>13,577</u>
Total staff costs	<u>30,988</u>	<u>31,428</u>	<u>38,777</u>	<u>37,921</u>
Depreciation of property and equipment	<u>139</u>	<u>190</u>	<u>174</u>	<u>229</u>

## 9. DIVIDENDS

	<u>2015</u> RMB'000	<u>2016</u> RMB'000	<u>2015</u> HK\$'000 (FOR INFORMATION PURPOSE ONLY)	<u>2016</u> HK\$'000
Dividends paid and recognised as a distribution during the year:				
Interim dividend paid of RMB8.4 cents (equivalent to HK9.9737 cents) (2015: RMB8.4 cents (equivalent to HK10.6376 cents)) per share	258,862	<b>258,862</b>	327,818	<b>307,359</b>
Final dividend for the year ended 30 June 2015 paid of RMB8.4 cents (equivalent to HK10.1665 cents) (2015: year ended 30 June 2014 paid of RMB8.1 cents (equivalent to HK10.1806 cents)) per share	249,617	<b>258,862</b>	313,735	<b>313,300</b>
Special final dividend for the year ended 30 June 2015 paid of RMB18 cents (equivalent to HK21.7854 cents) per share	-	<b>554,704</b>	-	<b>671,359</b>
	<u>508,479</u>	<u><b>1,072,428</b></u>	<u>641,553</u>	<u><b>1,292,018</b></u>
Final dividend proposed of RMB8.2 cents (equivalent to HK9.5484 cents) (2015: RMB8.4 cents (equivalent to HK10.1665 cents)) per share	258,862	<b>252,699</b>	313,300	<b>294,252</b>
Special final dividend proposed of RMB40 cents (equivalent to HK46.5776 cents) (2015: RMB18 cents (equivalent to HK21.7854 cents)) per share	554,704	<b>1,232,676</b>	671,359	<b>1,435,377</b>
	<u>813,566</u>	<u><b>1,485,375</b></u>	<u>984,659</u>	<u><b>1,729,629</b></u>

A final dividend and special final dividend in respect of the year ended 30 June 2016 of RMB8.2 cents (equivalent to HK9.5484 cents) per share and RMB40 cents (equivalent to HK46.5776 cents) per share respectively are proposed by the Board of Directors. The dividends are subject to approval by shareholders at the forthcoming annual general meeting and have not been included as liabilities in these consolidated financial statements. The proposed final dividend and special final dividend are calculated based on the total number of issued shares at the date of approval of these consolidated financial statements.

## 10. EARNINGS PER SHARE

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

	<u>2015</u> RMB'000	<u>2016</u> RMB'000	<u>2015</u> HK\$'000 (FOR INFORMATION PURPOSE ONLY)	<u>2016</u> HK\$'000
Earnings for the purposes of basic and diluted earnings per share	<u>519,644</u>	<u>511,332</u>	<u>651,686</u>	<u>615,702</u>
			<u>2015</u> Number of shares	<u>2016</u> Number of shares
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share			<u>3,081,690,283</u>	<u>3,081,690,283</u>

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares for the year ended 30 June 2015 and for the period from 1 July 2015 up to the expiry date of the share options (i.e. 31 July 2015).

**APPENDIX-CONSOLIDATED FINANCIAL INFORMATION**  
**(PREPARED UNDER PROPORTIONATE CONSOLIDATION METHOD)**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For Year Ended 30 June 2016*

(FOR INFORMATION PURPOSE ONLY)

	<u>2015</u> RMB'000	<u>2016</u> RMB'000	<u>2015</u> HK\$'000	<u>2016</u> HK\$'000
Toll revenue	1,918,945	<b>2,001,924</b>	2,405,606	<b>2,407,450</b>
Revenue on construction	90,449	<b>19,091</b>	113,061	<b>22,280</b>
Turnover	2,009,394	<b>2,021,015</b>	2,518,667	<b>2,429,730</b>
Other income and other expense	154,328	<b>(9,197)</b>	193,668	<b>(9,898)</b>
Construction costs	(90,449)	<b>(19,091)</b>	(113,061)	<b>(22,280)</b>
Provision for resurfacing charges	(27,812)	<b>(34,108)</b>	(34,857)	<b>(41,010)</b>
Toll expressway operation expenses	(258,392)	<b>(245,834)</b>	(324,071)	<b>(295,703)</b>
General and administrative expenses	(110,407)	<b>(101,974)</b>	(138,319)	<b>(122,807)</b>
Depreciation and amortisation charges	(546,905)	<b>(596,231)</b>	(685,504)	<b>(716,478)</b>
Finance costs	(334,204)	<b>(260,502)</b>	(418,915)	<b>(313,623)</b>
Profit before tax	795,553	<b>754,078</b>	997,608	<b>907,931</b>
Income tax expense	(265,792)	<b>(233,587)</b>	(333,239)	<b>(281,212)</b>
Profit for the year	529,761	<b>520,491</b>	664,369	<b>626,719</b>
Profit for the year attributable to:				
Owners of the Company	519,644	<b>511,332</b>	651,686	<b>615,702</b>
Non-controlling interests	10,117	<b>9,159</b>	12,683	<b>11,017</b>
	529,761	<b>520,491</b>	664,369	<b>626,719</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

(FOR INFORMATION PURPOSE ONLY)

	<u>2015</u> RMB'000	<u>2016</u> RMB'000	<u>2015</u> HK\$'000	<u>2016</u> HK\$'000
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Property and equipment	472,786	<b>466,379</b>	590,982	<b>544,264</b>
Concession intangible assets	12,155,053	<b>11,631,547</b>	15,193,816	<b>13,574,016</b>
Balance with a joint venture	310,286	<b>370,822</b>	387,858	<b>432,749</b>
Investment	4,785	<b>4,785</b>	5,982	<b>5,585</b>
	<u>12,942,910</u>	<u><b>12,473,533</b></u>	<u>16,178,638</u>	<u><b>14,556,614</b></u>
<b>Current Assets</b>				
Inventories	1,255	<b>1,173</b>	1,569	<b>1,369</b>
Deposits and prepayments	2,693	<b>1,920</b>	3,366	<b>2,241</b>
Interest and other receivables	99,194	<b>55,703</b>	123,992	<b>65,006</b>
Loans to a joint venture (Note)	406,749	-	508,436	-
Pledged bank balances and deposits of joint ventures	257,301	<b>252,028</b>	321,626	<b>294,116</b>
Bank balances and cash				
- The Group	574,012	<b>652,435</b>	717,514	<b>761,392</b>
- Joint ventures	15,125	<b>9,750</b>	18,908	<b>11,377</b>
	<u>1,356,329</u>	<u><b>973,009</b></u>	<u>1,695,411</u>	<u><b>1,135,501</b></u>
<b>Total Assets</b>	<u>14,299,239</u>	<u><b>13,446,542</b></u>	<u>17,874,049</u>	<u><b>15,692,115</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	270,603	<b>270,603</b>	308,169	<b>308,169</b>
Share premium and reserves	6,976,694	<b>6,402,017</b>	8,750,952	<b>7,478,779</b>
Equity attributable to owners of the Company	7,247,297	<b>6,672,620</b>	9,059,121	<b>7,786,948</b>
Non-controlling interests	51,797	<b>46,554</b>	64,746	<b>54,328</b>
<b>Total Equity</b>	<u>7,299,094</u>	<u><b>6,719,174</b></u>	<u>9,123,867</u>	<u><b>7,841,276</b></u>
<b>Non-current Liabilities</b>				
Bank and other loans of joint ventures	5,009,939	<b>5,373,629</b>	6,262,423	<b>6,271,025</b>
Balance with a joint venture partner	310,236	<b>370,772</b>	387,795	<b>432,691</b>
Resurfacing obligations	121,440	<b>149,406</b>	151,801	<b>174,356</b>
Deferred tax liabilities	310,889	<b>293,389</b>	388,611	<b>342,385</b>
Other non-current liabilities	36,241	<b>49,704</b>	45,301	<b>58,005</b>
	<u>5,788,745</u>	<u><b>6,236,900</b></u>	<u>7,235,931</u>	<u><b>7,278,462</b></u>

	<u>2015</u> RMB'000	<u>2016</u> RMB'000	<u>2015</u> HK\$'000	<u>2016</u> HK\$'000
<b>Current Liabilities</b>				
Provision, other payables, accruals and deposits received	477,639	<b>369,077</b>	597,049	<b>430,713</b>
Balance with a joint venture partner	60,972	-	76,216	-
Bank loans				
- The Group	236,560	-	295,700	-
- Joint ventures	365,652	<b>65,036</b>	457,065	<b>75,897</b>
Other interest payable	7,098	<b>5,911</b>	8,872	<b>6,898</b>
Tax liabilities	63,479	<b>50,444</b>	79,349	<b>58,869</b>
	<u>1,211,400</u>	<u><b>490,468</b></u>	<u>1,514,251</u>	<u><b>572,377</b></u>
<b>Total Liabilities</b>	<u>7,000,145</u>	<u><b>6,727,368</b></u>	<u>8,750,182</u>	<u><b>7,850,839</b></u>
<b>Total Equity and Liabilities</b>	<u><u>14,299,239</u></u>	<u><u><b>13,446,542</b></u></u>	<u><u>17,874,049</u></u>	<u><u><b>15,692,115</b></u></u>

Note: Reconciliation of loans to a joint venture

	<u>2015</u> RMB'000	<u>2016</u> RMB'000	<u>2015</u> HK\$'000	<u>2016</u> HK\$'000
Principal amount of loans from the Group to a joint venture	788,000	-	985,000	-
Interest receivable for loans from the Group to a joint venture	25,498	-	31,872	-
Less: Elimination of the Group's proportionate share of the corresponding amounts of a joint venture	<u>(406,749)</u>	<u>-</u>	<u>(508,436)</u>	<u>-</u>
	<u><u>406,749</u></u>	<u><u>-</u></u>	<u><u>508,436</u></u>	<u><u>-</u></u>

## GLOSSARY

“2016 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 Wednesday, 26 October 2016 at 10:00 a.m.
“Average daily full-length equivalent traffic”	the total distance travelled by all vehicles on the expressway divided by the full length of the expressway and the number of days in the year under review
“Average daily toll revenue”	average daily toll revenue including tax
“Board”	the board of Directors of the Company
“CG Code”	Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Coastal Expressway”	Guangzhou-Shenzhen Coastal Expressway
“Company” or “HHI”	Hopewell Highway Infrastructure Limited
“CY”	calendar year
“Director(s)”	director(s) of the Company
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“EIT”	enterprise income tax
“FY07”	the financial year ended 30 June 2007
“FY08”	the financial year ended 30 June 2008
“FY09”	the financial year ended 30 June 2009
“FY10”	the financial year ended 30 June 2010
“FY11”	the financial year ended 30 June 2011
“FY12”	the financial year ended 30 June 2012
“FY13”	the financial year ended 30 June 2013
“FY14”	the financial year ended 30 June 2014
“FY15”	the financial year ended 30 June 2015
“FY16”	the financial year ended 30 June 2016
“FY17”	the financial year ending 30 June 2017
“FY18”	the financial year ending 30 June 2018
“GBP”	Great Britain Pounds, the lawful currency of the United Kingdom
“GDP”	gross domestic product
“Group”	the Company and its subsidiaries
“GS Superhighway”	Guangzhou-Shenzhen Superhighway
“GS Superhighway JV”	Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited, the joint venture company established for the GS Superhighway
“HHL”	Hopewell Holdings Limited
“HK\$”, “HKD” or “HK Dollar(s)”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HZM Bridge”	the Hong Kong-Zhuhai-Macau Bridge
“JV”	joint venture
“km”	kilometre

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Mainland China”	the PRC, excluding Hong Kong and Macau
“Phase I West”	Phase I of the Western Delta Route
“Phase II West”	Phase II of the Western Delta Route
“Phase III West”	Phase III of the Western Delta Route
“PRC” or “China”	the People’s Republic of China
“PRD”	Pearl River Delta
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“The Belt and Road initiative”	The Silk Road Economic Belt and the 21st-Century Maritime Silk Road
“United States”	the United States of America
“USD” or “US Dollar(s)”	United States Dollars, the lawful currency of the United States
“West Route JV”	Guangdong Guangzhou-Zhuhai West Superhighway Company Limited, the joint venture company established for the Western Delta Route
“Western Delta Route”	the route for a network of toll expressways comprising Phase I West, Phase II West and Phase III West

*As at the date of this announcement, the Board comprises four Executive Directors namely, Sir Gordon Ying Sheung WU (Chairman), Mr. Eddie Ping Chang HO (Vice Chairman), Mr. Thomas Jefferson WU (Managing Director) and Mr. Alan Chi Hung CHAN (Deputy Managing Director); and four Independent Non-executive Directors namely, Professor Chung Kwong POON, Mr. Yuk Keung IP, Mr. Brian David Man Bun LI and Mr. Alexander Lanson LIN.*